Greece ..... Dr 60	Netherlands . Fl 2.50	Turkey ..... L 180
Hong Kong . HK$ 12	Norway . Nkr. 6.00	U A E. .... Dh 6.50
India ..... Rup. 15	Philippines . Pes 20	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Polish priest's death a setback for hardliners, Page 3

NEWS SUMMARY

GENERAL

Body of Polish priest found

Polish police divers found the body of Father Jerzy Popieluszko, the 37-year-old pro-Solidarity priest kidnapped on October 19 by three security men.

The body was discovered after a two-day search in a reservoir near Wloclawek, where the kidnappers said they had dumped it, and was taken to a forensic laboratory in Warsaw. The Government announced that the authorities were in constant contact with Polish bishops.

Solidarity said that the priest's funeral would be a powerful demonstration of support for its cause. Meanwhile, special precautions are being taken to safeguard the lives of the three kidnappers on the theory that "powerful people" were behind the kidnap, according to a government spokesman. **Setback for hardliners, Page 3; Story, Page 20.**

Chile death

A man died in disturbances in Chile as opponents of President Augusto Pinochet's military Government backed a call for a general strike by forcing buses off the streets to keep workers away from their jobs. **Page 6**

Hunger strike ends

Bolivan President Hernan Siles Zuazo, 71, ended a four-day hunger strike after the Roman Catholic Church offered to mediate on an accord with his political opponents. **Page 6**

Ex-premier on trial

Former Belgian Prime Minister Paul Vanden Boeynants, 65, was committed for trial on charges of tax evasion.

Blast kills 15

An ammunition magazine exploded in Jakarta, Indonesia, killing at least 15 people and sending thousands fleeing from their homes. Sabotage has not been ruled out.

Fugitives appeal

Representatives of the three South African dissidents taking refuge in the British consulate in Durban have appealed for help to Britain and to Nobel Peace Prize winner Bishop Desmond Tutu.

Shipyard strike

Union spokesmen said 100,000 Spanish shipyard workers staged a one-day strike and demonstrated in several cities against job cuts.

Rail crash

Seven people were killed and at least 18 injured when two trains collided on the narrow gauge railway near Alicante, Spain. Rescuers fear the death toll will rise.

Riot youth dies

A black youth aged 14 was killed when South African police fired rubber bullets and birdshot at rioting youths in KwaZakele township near Port Elizabeth.

Death sentence

A Luanda court sentenced to death an Angolan found guilty of spying for the U.S., Portuguese radio said.

Satellite deadlock

West Germany and France failed to make any breakthrough in an apparent deadlock over plans to develop jointly a spy satellite system, independent of the U.S., for use in the 1990s. **Page 2**

Drugs seized

Jamaican police seized nearly 20 tonnes of marijuana with an estimated street value of $35.8m at Kingston docks, their largest haul of the drug.

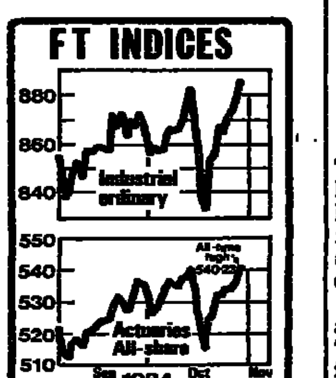
BUSINESS

British employers warn on jobs

MANUFACTURING industry in the UK will continue to increase output, but will provide fewer jobs, according to the Confederation of British Industry, the employers' organisation.

It also warns that many of the extra jobs created over the next decade will go to people other than those who are on the unemployment register. **Page 20**

WALL STREET: The Dow Jones industrial average closed up 15.90 at 1,217.31. **Section III**



LONDON gilts gained, buoying equities too. The FT Industrial Ordinary index rose 6.9 to 885.1 **Section III**

TOKYO stocks retreated from initial peaks, leaving the Nikkei-Dow market average 5.38 lower at 11,171.55. **Section III**

DOLLAR weakened in London to DM 3.0435 (DM 3.0725), SwFr 2.5055 (SwFr 2.521), FFr 9.34 (FFr 9.4125) and Y245.5 (Y246.65). On Bank of England figures, its trade-weighted index fell from 142.1 to 141.7. In New York it closed at DM 3.0315, FFr 9.3025, SwFr 2.4940 and Y244.95. **Page 41**

STERLING improved against the dollar in London, rising 45 points to $1.2135. It was also higher at Y297.75 (Y297.25) but weakened to DM 3.6925 (DM 3.715), SwFr 3.04 (SwFr 3.0475) and FFr 11.3425 (FFr 11.3775). Its trade-weighted index fell to 74.8 from 74.9. In New York it closed at $1.2165. **Page 41**

GOLD rose 25 cents on the London bullion market to $336. It was down 25 cents in Frankfurt, also at that level, and was unchanged in Zurich at $336.25. In New York the Comex December settlement was $336.50. **Page 40**

TARMAC, the British quarrying and construction group, plans a substantial expansion of its U.S. operations through the acquisition for $79m of quarries and concrete-making interests in Florida. **Page 14**

AMREL, furniture and retailing subsidiary of South African Breweries, blamed government austerity measures and a curb on hire-purchase agreements for a fall in half-year profits from R10.9m to R7.5m ($3.9m). **Page 22**

ISCOR, the South African state-owned steel group which increased its trading profit from R185m to R525m ($276m) this year, says it will not expand steelmaking capacity for at least 10 years. **Page 22**

BOUYGUES, the French construction group, is joining with the state-owned communications and travel group Agence Havas to build holiday complexes in France and other countries. **Page 23**

GROB, a West German machine tool maker, could be heading a bid to take over MBB in order to get control of Kraus-Maffei, the tank manufacturer. **Page 23**

MITSUBISHI, the Japanese motor manufacturer, expects to improve its profits to Y8bn ($32.5m) for the current financial year after a 5.9 per cent increase to Y4.12bn in the six months to September 30. **Page 22**

Reagan predicts further early falls in U.S. rates

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday climbed on the pre-election bandwagon of declining U.S. interest rates, predicting that the rates "should drop further in the days ahead."

Mr Reagan made his optimistic forecast in a telephone call to a conference of U.S. savings and loans institutions in Washington. He based his view, he said, on the belief that "The financial markets are beginning to understand the depth of our commitment to the fight against inflation."

The President said, however, that the latest drop in interest rates, which brought the U.S. prime rate down to 12 per cent, was "still not enough." A further decline would help "interest rate-sensitive activities," such as home and car sales, he said.

The announcement found a ready reception in the New York bond markets, where prices at one stage rose by nearly a full point. This improvement spilled over into stocks.

The bond market was also buoyed by expectations that today's announcement by the Commerce Department of the index of economic indicators for September would show a further slowing in the pace of U.S. economic growth.

His forecast was foreshadowed by Commerce Department figures released yesterday, which showed a 21.9 per cent rise in house sales last month, the sharpest increase in more than four years.

As opinion polls continued to show him poised for a massive presidential election victory next Tuesday, Mr Reagan for the first time forecast that, "if everything turns out right," the Republicans could achieve an "historic electoral realignment," with many voters joining Republican ranks for the first time.

"This is no mere political cycle, nor has it anything to do with the personalities of the candidates," Mr Reagan said in a speech to 250 campaign workers at the White House. "We are attracting the support of people who have never voted with us before – not because they are deserting the Democratic Party, but because the Democratic Party has deserted them."

Mr Reagan warned against complacency. "Please do not get over-confident – let us make sure that everybody gets out to vote," he told the campaign workers.

A Los Angeles Times poll yesterday said that Mr Walter Mondale, the Democratic Party challenger, faced an uphill struggle in virtually every state and could suffer the worst defeat since Mr George McGovern's rout by President Richard Nixon in 1972.

Opinion polls conducted in 42 of the 50 states showed Mr Mondale and his Vice-Presidential running mate, Ms Geraldine Ferraro, ahead of Mr Reagan only in Mr Mondale's home state of Minnesota – and there by only six points – the Los Angeles Times said.

U.S. economic statistics, Page 6; Feature, Page 18; Money markets, Page 41

Opec close to formula for output cuts

BY RICHARD JOHNS IN GENEVA

THE ORGANISATION of Petroleum Exporting Countries (Opec) last night reached tentative agreement on cuts in production quotas aimed at bringing down maximum output to 16m barrels a day.

One minister described the agreement as pretty firm but added: "Some people need confirmation from their governments."

Under the deal, Saudi Arabia would bear the brunt of the overall production cut, with a likely commitment to reduce its quota by up to 1m barrels a day (b/d) from the present 5m b/d. This would underline its role as Opec's swing producer.

It seemed that most of the balance would be taken up by Venezuela (100,000 b/d), Libya (100,000 b/d), the United Arab Emirates (100,000 b/d), Kuwait (100,000 b/d), Algeria (50,000 b/d) and Qatar (50,000 b/d).

Token contributions were expected from Indonesia, Ecuador and Gabon. It was understood that Iraq and Iran, still engaged in a four-year-old war, would be excused cuts, as would Nigeria, whose recent oil price cut precipitated the present crisis.

The meeting adjourned so that chief delegates could consult their governments about the cuts. Final agreement should be reached today but the meeting will not attempt to revise the present system of price differential which has been largely responsible for undermining market stability.

There was hard and protracted bargaining as Opec tried to agree on a distribution of cuts designed to support the price structure based on $29 per barrel for the Arabian Light marker crude following the $1.35 discounts offered by Statoil of Norway and a similar cut proposed by the British National Oil Corporation.

As the evening session began, Saudi Arabia was said by delegates to have offered no more than 650,000 to 700,000 b/d off the maximum 5m b/d conceded to it by other members.

In consultations here last week, Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, had indicated that the Kingdom would be prepared to cut output by as much as 1m b/d.

Kuwait, the United Arab Emirates, Venezuela and Libya have said that they would be prepared to cut 100,000 b/d each, according to delegates.

Algeria was demanding a realignment of prices by Nigeria, which responded to Statoil and BNOC's moves with $1–$2-a-barrel price cuts, in return for any lowering of its own production.

Nigeria was still adamantly refusing to contemplate rescinding its decision and was insistent that its quota should remain at 1.45m b/d – the level agreed by other members in July as a temporary measure for September.

One possible compromise was that in return for such a quota Nigeria should at least bring its rates into line with those of Norway and the UK

It became clear that any action by Opec to narrow price differentials between light and heavy crudes would be delayed until the end of the year although the wide discrepancy between them is acknowledged by Opec, as well as the oil industry and the market, to have

Continued on Page 20

Call for rapid growth in EEC

By Quentin Peel in Brussels

THE MEMBER states of the European Community should aim for a rapid expansion in economic growth to between 3.5 and 4 per cent, to overcome the continuing increase in unemployment in the EEC.

This is the major recommendation of the latest annual economic report of the European Commission, published yesterday. It spells out a firmly expansionary policy to counter the stagnation of job creation in the Community.

In doing so it calls for member states to commit themselves to a steady reduction in overall tax burdens amounting to a 1 per cent annual cut in taxation's share of gross domestic product and a particular effort to remove all macro and micro-economic bias in favour of labour-saving investment.

The document, approved by the European Commission last week and to be submitted to the Council of Ministers, goes considerably further than previous annual reports in urging expansionary policies in the Community, and in stessing the importance of the micro-economic policies in job creation.

Member states should adopt "a more convergent pattern of budget balances," it says, with a faster correction of the mounting public debt burdens where they are highest – as in Belgium, Ireland and Italy. There should, however, be "a pause in the reduction of deficits where these have been brought soundly under control to permit reduced tax burdens" – a direct shot at West Germany in particular.

The report calls for a freeze, or even a cut in real labour costs, combined with lower taxes and simplified employment regulations, to make employers keener to create new jobs.

Continued on Page 20

Khashoggi signs resources pact with Sudan

BY A SPECIAL CORRESPONDENT IN KHARTOUM

SUDAN'S President Jaafar Nimeiri has entered into a surprise agreement with multi-millionaire Saudi entrepreneur Mr Adnan Khashoggi, which makes his company, Sigma International, an equal partner with the Sudanese Government in developing and controlling the country's oil and mineral resources.

The President's decision to confer a monopoly interest over these resources to the joint-venture National Oil Company of Sudan (Nocs), recently created by presidential decree, is believed to have caused concern among oil companies already operating in the country, primarily Chevron and Royal Dutch/Shell.

Chevron has recently received assurances from the Khartoum Government that its extensive oil interests in the country are not threatened by the agreement with Mr Khashoggi, who has close ties with the Saudi Arabian royal family. Chevron, Shell and the International Finance Corporation (an affiliate of the World Bank) have so far spent an estimated $900m in developing oil wells at Bentiu in Upper Nile province, in the southern part of the country.

They suspended their operations in the province eight months ago after three Chevron employees were killed in an attack by the Sudan People's Liberation Army, a southern-based guerrilla group dedicated to overthrowing the northern regime of President Nimeiri.

Despite these assurances, the terms of the new agreement pose an implicit threat to existing companies. Although the company's articles of association do not mention these existing rights, a separate, as yet unpublished, agreement states that any breach of their undertakings by third parties – for example, a refusal to continue normal operations – might allow the Government to declare these rights forfeit.

Nocs would then be entitled to take over these companies' assets and entitlements at what the agreement calls a "fair value."

The agreement gives the new company extremely broad opportunities, from oil exploration and development, and refining and transportation operations, to importing and exporting all petroleum products. It grants major financial, taxation and other concessions which are not available to existing investors.

The decision to create the company is thought to reflect a desire to pressure Chevron and Shell to resume operations in the south.

The agreement comes at a time when President Nimeiri's grip on the country is threatened by a worsening economic crisis and serious internal dissent caused by political and religious measures seen as an attack on the Christian and animist south by an Islamic fundamentalist Government in the north.

His choice of a Saudi Arabian partner in the new company reflects a desire to reinforce a long-standing alliance with Saudi Arabia at a time when relations with Sudan's primary allies, Egypt and the U.S., have been under strain.

Although the companies are worried by the considerable risk posed to employees by the continued operations of SPLA guerrillas in the south, there is a strong possibility that Chevron and Shell will re-establish at least a limited presence at Bentiu in the near future.

Nimeiri retreats from political confrontation, Page 4

Canada plans to sell off state assets

By Bernard Simon in Toronto

THE NEW Canadian Government has cleared the way for privatisation of two aircraft manufacturers, de Havilland and Canadair and other assets controlled by the state-owned Canada Development Investment Corporation (CDIC).

Mr Sinclair Stevens, Industry Minister, said yesterday he had given CDIC's board a "clear mandate" to privatise the group's major holdings, which include the uranium producer, Eldorado Nuclear, interests in three large Atlantic fishing companies, and Canada's international telecommunications carrier, Teleglobe Canada.

CDIC, was set up by the Federal Government in 1982 to manage its interests in commercial enterprises. Companies for which CDIC is responsible had revenues of C$7.4bn (U.S.$5.6bn) last year, and employ a total of 88,000 people.

Mr Stevens said the new Progressive Conservative Government, which took office six weeks ago, wished "to make these companies accountable to the Canadian people through the mechanism of the private market."

Several investors had already expressed interest in buying some of CDIC's assets, and the group's board would soon start "serious negotiations" with potential buyers.

Mr Stevens did not specify which assets are likely to be sold first. Several CDIC companies have experienced serious financial difficulties in recent years. De Havilland posted a loss of C$16.5m in the first six months of 1984 and CDIC's first-half losses reached C$116.8m, the bulk of it ascribed to interest expenses on debts assumed by the corporation.

The privatisation announcement coincides with a sweeping reshuffle of CDIC's management, which has been closely identified with the previous Liberal Government. The group's president, Mr Joel Bell, is to be replaced by Mr Paul Marshall, president of the Calgary-based mining and energy group, Westmin Resources. Six new directors have been appointed to the board.

Bell Canada on acquisition trail, Page 21

Matra and Norsk Data sign pact on supermini computers

BY PAUL BETTS IN PARIS

MATRA of France and Norsk Data of Norway yesterday signed a major agreement which will mean two leading European electronics groups collaborating in the fast-growing field of high-performance supermini computers for the first time.

The pact has been vigorously opposed by Bull, the French nationalised computer group, which, at the beginning of this year, announced a collaboration agreement with Ridge Computers of the U.S. in the same field.

Matra, the defence satellite and electronics conglomerate under state control, had been discussing the pact with Norsk Data for over a year, M Jean Luc Lagardere, the Matra chairman, said yesterday.

The accord would create a strong European alliance in the field of supermini computers, especially for scientific applications, capable of fending off the American competition, he said.

Matra has set up a subsidiary – Matra Data Systems – which will manufacture and market the whole range of Matra small computer products and develop the collaboration with Norsk Data. This will involve joint research and development of supermini 32-bit computers and workstations, the manufacture in France by Matra of Norsk Data equipment, and a division in the marketing tasks between the groups.

Matra expects to invest about FFr 300m ($31.87m) over the next five years in research and development for the supermini computer venture. Norsk Data is expected to spend a little more, M Lagardere said. The French Government would not be providing any financial support for the venture.

Mr Rolf Skar, chief executive of Norsk Data, said the deal had not been the result of government pressure. The collaboration with Matra would provide Norsk Data with a chance to ally itself with a European partner.

Matra will be able to draw from Norsk Data's expertise in supermini computers and its specialised scientific market. The Norwegian group will be able to benefit from Matra's experience in developing workstations.

For Matra, the association with Norsk Data follows a disappointing joint venture in office automation with Datapoint of the U.S.. Matra withdrew from that venture and has been seeking a market niche it could exploit in the data processing sector. Matra believes there is a promising market in high-performance supermini computers for scientific use or other specialised applications.

CNES, the French national space research agency, is seeking to renew its information processing equipment, which could provide orders worth about FFr 200m over the next five years.

Matra is clearly well positioned to win the CNES orders. At the same time, the information processing market for the scientific sector in France involves sales of about FFr 4bn a year at present. Matra and Norsk Data would like to gain about 10 per cent of this market.

CONTENTS

EUROPEAN NEWS

Faster N-plant construction call

BY DAVID MARSH IN PARIS

THE FRENCH state electric utility, Electricité de France (EdF), has suggested a slight increase in the pace of nuclear power station construction in 1986 and 1987, in order to keep open a wide margin of energy security in the 1990s.

The suggestion to start three 1,300 and 1,400 MW reactors in 1986 and 1987, compared with one in 1985, is likely to be discussed at the weekly Cabinet meeting today.

The Government is expected to approve the start of just one plant next year, compared with two each in 1983 and 1984, in line with the general slowdown in construction over the past few years.

EdF officials believe the Government will make no firm decision to step up the construction rate for 1986 and 1987, but will probably decide to build one plant for 1985 and 1986 with an optional second to be finalised later.

On purely financial grounds, heavily-indebted EdF would prefer to cut construction starts in coming years, perhaps by ordering no new plants in 1985 or 1986. This would lower investment costs and facilitate its pledge to cut tariffs in real terms over the next four years.

This view is backed by the need to avoid significant overcapacity in the French nuclear network, which is already planned to grow faster than expected consumption in the next few years as a result of a large number of nuclear plants now under construction coming onstream.

Industrial factors – notably the problems of the bankrupt Creusot-Loire engineering group, heavily involved in nuclear engineering – however, are expected to persuade the Government to maintain a minimum order level of one plant a year.

In spite of uncertainties over future electricity consumption, EdF officials believe further efforts are still needed to build power plants to come into operation, after six or seven years of construction – in the early 1990s.

Optimism has been buoyed by better than expected electricity consumption in France this year, up 7 per cent so far in spite of the sluggish economy, and a big jump in exports fuelled by relatively cheap French prices.

The new plant planned to be started next year is at Penly on the Channel coast. The three reactors under consideration for 1986-87 are at Golfech in the south west, Chooz on the Belgian border and Civaux in the west of France. In all but the last site, this would represent planned work on a second tranche following the start of construction of initial 1,300 and 1,400 MW reactors.

Last bid to save Austrian nuclear plant

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN Government will have one last try at getting the mothballed nuclear power plant at Zwentendorf near Vienna into operation, it was announced at a meeting of Socialist members of parliament yesterday.

The meeting also decided to press ahead with plans to build a major hydro-electric power plant at Hainburg in a prized conservation area near the Czechoslovakian border.

Both decisions come as a surprise, following the unexpectedly strong showing of Austria's Green parties in a recent provincial election in Voralberg, and the Government's subsequent announcement that it would have to pay much more attention to environmental issues.

The Greens are opposed to both projects and can be expected to mount further protests.

The Socialists said yesterday they would seek to win a two-thirds majority in parliament by March next year for a referendum on putting Zwentendorf into operation.

The plant, which cost about Sch 10bn (£377m), had been unused since 1978 when a national referendum came out against it.

Moscow dampens world interest in Sakharov fate

MOSCOW – The Soviet authorities have succeeded in dampening world interest in Andrei Sakharov, 63, the dissident physicist, by effectively sealing him off from contact with friends in Moscow, Western diplomats in Moscow say.

"With no news getting through about Sakharov, the intense concern about his fate has inevitably subsided. That seems to be just how the (Soviet) authorities planned it," one senior Western diplomat commented.

Western leaders repeatedly condemned Moscow's treatment of the dissident throughout the summer following news that he had started a hunger strike last May at his exile home in Gorky, east of Moscow.

There has been no reliable information on his whereabouts, however, or condition for more than two months and diplomats said this had "taken the wind out of sails" of those in the West who were most worried about the Nobel Peace Prize laureate.

"The sad thing is that there is still no reason to think he is doing fine. If he were, one might assume the authorities would at least allow him or his wife to make a telephone call and let friends or relatives know," one diplomat said.

The authorities cut Mr Sakharov's link with the outside world by barring his wife, Yelena Bonner, from travelling to Moscow last May.

Friends of the couple reported last month that Mrs Bonner had been sentenced to five years internal exile in Gorky, a move apparently aimed at preventing her from maintaining contact with Western embassies and news organisations in Moscow.

Film of the couple shown in the West last month made clear that Mr Sakharov was being held in a hospital. Soviet officials have said he is now back home at the couple's Gorky apartment and once more engaged in scientific work.

Reuter

Soviet pledge on energy supplies to Comecon

MOSCOW — Mr Nikolai Tikhonov, the Soviet Prime Minister, told his Comecon counterparts meeting in Havana that Moscow will continue oil and gas supplies. He also outlined plans for East bloc economic co-operation.

According to the Communist party daily newspaper, Pravda, Mr Tikhonov said that fuel and raw materials were the prime consideration in economic co-operation between the organisation's 10 members.

The Soviet Union's subsidised oil and gas supplies to all Comecon countries except Romania have underpinned the alliance's structure for the past decade.

Mr Tikhonov also outlined areas of industrial co-operation including the construction of an iron ore enriching plant in the Ukraine, a gas pipeline from northern Siberia to East European countries, and the development of an oil field near the Caspian Sea.

He said a programme to build nuclear power stations had been an important step in Comecon's energy development, but called for more economic use of energy resources.

Reuter

Minister reviews school reforms

MOSCOW – It will be at least 10 years before the goal of doubling technical school enrollment is fulfilled, the Soviet Education Minister disclosed yesterday. And he acknowledged that the push for more tradesmen would mean fewer university students.

At a news conference to discuss the Soviet Union's package of education reforms introduced this year, Mr Mikhail Prokofiev said there were more than 70,000 students added to vocational school rosters this year, an increase of 8 per cent.

AP

Strikes hit Spanish shipbuilding centres

By David White in Madrid

A CONCERTED series of strikes and demonstrations took place in the main industrial ports of Spain's Northern Atlantic coast yesterday in protest against the Socialist Government's cutback plans, particularly in the shipbuilding industry.

The organisers of the one-day strike, who included all the main national and regional unions except for the powerful Socialist Union General de Trabajadoes (UGT), were hoping to mobilise 100,000 people in opposition to the plans.

Work was halted in most of the country's shipyards, where more than 16,000 jobs are due to be axed in a restructuring plan designed to make Spain competitive in the EEC.

The strikes hit shipbuilding centres from Galicia to the Basque Country, and other protests took place in Seville and Cadiz in the south.

At El Ferrol in the north-west, due to bear the brunt of the cutbacks with the closure of civilian ship construction activity, a localised general strike was staged during the afternoon.

The Communist trade union Comisiones Obreras claimed that a total stoppage had been achieved in the shipbuilding sector in El Ferrol, Vigo, Gijon and the Santander and Bilbao regions.

In the Bilbao area, the protest coincided with a strike in the whole of the metal-working sector, which the union said had received 90 per cent support.

The Bilbao estuary and Spain's other northern shipyard centres are due to be included among "urgent re-industrialisation zones" being planned by the Government to counter the impact of redundancies.

Yesterday's strike followed a series of sometimes violent protests which have been going on in the sector for more than a year. Last week, a demonstrator was shot dead in Gijon, apparently by the owner of a car being used as part of a barricade.

Milan marchers

About 30,000 strikers marched through the centre of Milan yesterday in protest at dismissals and layoffs in the highly-industrialised Lombardy region, AP reports. *Unions claim that 60,000* workers face losing their jobs because of increasing automation in factories and offices.

Franco-German impasse remains on spy satellite

BY PETER BRUCE IN BONN

WEST GERMANY and Frnace have failed to make any breakthrough in an apparent deadlock over plans to jointly develop a spy satellite system, independent of the U.S., for use in the 1990s.

After their summit meeting near Bonn yesterday, Chancellor Helmut Kohl and President Francois Mitterrand announced that the two countries intended to create a special commission of experts to evaluate the technical and financial aspects of the project. This has been taken to imply that the joint venture may be delayed.

Despite President Mitterrand's insistence that both sides still wanted the satellite, it seems clear that growing doubts in Bonn about the system's effectiveness, and its cost (an estimated DM 2bn or £540m at current prices) have forced a re-evaluation.

West German enthusiasm for the U.S. space shuttle and the planned space station also appears to have weakened the firmer commitment to the Ariane rocket programme that the French leader was hoping for.

At a joint news conference after the talks both men remarked merely that both parties supported European involvement with the U.S. programme and the further development of Ariane. There was no mention of new investment in Ariane.

For the most part, however, the two-day summit is understood to have been a relatively trouble-free reaffirmation of the view in Bonn and Paris that West Germany and France have a special role to play in giving new impetus to the Community.

An agreement, signed last July, aimed at greatly reducing frontier formalities, has been taken a step further, with agreement to merge another 12 border posts into single Franco-German units. This will bring the total number of such posts to 14.

The July agreement foresees virtually no cross-border checks on motorists and lorries by the end of 1986.

The two leaders also reaffirmed their longstanding public positions on the entry of Spain and Portugal into the Community, with both men saying they hoped this could be achieved by the beginning of 1986.

Boost for West German mechanical engineering

BY JOHN DAVIES IN FRANKFURT

EXPORT ORDERS are giving a strong stimulus to West Germany's mechanical engineering industry.

The impetus is coming almost entirely from other Western industrialised countries, especially the U.S.

The industry, which employs more than 1m workers, reported that new orders in September were 7 per cent up on a year ago, with export orders running 12 per cent ahead and domestic orders a modest 1 per cent.

In the three months to the end of September, export orders were as much as 17 per cent up on the same period last year, while domestic orders were up 10 per cent.

Under the impact of recession and weaker export markets, the mechanical engineering industry as a whole registered a *decline in production* in real terms last year for the third year in succession.

The recovery in new orders from abroad is already working its way through to export earnings, which reached DM 51bn (£13.8bn) in the first eight months of this year. After adjusting for price changes, this represents an increase of 5 per cent on the same period last year.

The growth has come mainly from exports to other Western industrial countries, which take more than 73 per cent of the West German industry's foreign shipments.

Herr Arno Mock, president of the foreign trade committee of the industry's association, said that foreign orders should continue to increase next year. However, the pace of increase should slow down, partly because of the generally expected tapering off in economic growth in the U.S.

Herr Mock said that West German mechanical engineers were worried about the spread of countertrade, which already made up 6 to 8 per cent of world trade.

Bonn MPs 'should disclose finances'

A SENIOR member of West Germany's ruling party said yesterday that politicians should make their finances public to restore confidence in the political establishment. The suggestion follows the resignations of top officials in a corruption scandal.

Herr Heiner Geissler, secretary-general of the Christian Democrat Party (CDU), told a news conference that the public had lost faith in the establishment after press reports linked prominent politicians with the Flick industrial group.

"It is time for internal clean-ups and renewal," he said. There should be legislation to regulate private contributions to parties and to oblige politicians to disclose their finances.

Under West German law, private donations to political parties over DM 20,000 ($6,800) must be disclosed to the party leadership but not to the public.

Christian Democrat Rainer Barzel resigned as speaker of the lower house of parliament last week after allegations that he accepted DM 1.7m ($580,000) from Flick in exchange for resigning as CDU leader in 1973.

Economics Minister Count Otto Lambsdorff resigned in June after being told he would stand trial on charges of accepting Flick money for his Free Democratic Party.

West German media say allegations that Flick gave money to all *political parties except the environ*mentalist Greens gave the public the impression that politicians could be bought.

Herr Geissler said reports linking Chancellor Helmut Kohl with tax concessions awarded to Flick in 1976 and 1978 were fabricated "to defame the chancellor."

The concessions, on the sale of Flick's 29 per cent share in the Daimler-Benz motor company in 1975, were granted by the previous government of Social Democrat Chancellor Helmut Schmidt.

The allegations against Herr Barzel were personal and had nothing to do with the CDU or Herr Kohl, Herr Geissler said.

Press reports linked Chancellor Kohl to the corruption scandal by saying he must have known about payments to Herr Barzel since he stepped down as party leader in Herr Kohl' favour.

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West insists on IMF monitoring of Yugoslavia

By David Buchan and Aleksandar Lebl in Belgrade

WESTERN GOVERNMENTS have turned down Yugoslavia's request for a multi-year rescheduling of its 1985-88 debts without the International Monetary Fund monitoring its economic policy through a new standby credit arrangement.

Mr Vlado Klemencic, the Finance Minister, said last week that Belgrade would not write further Letters of Intent to the IMF on future economic policy, as it has done in the past four years to secure standby loans.

But Yugoslavia still wants the IMF stamp of approval on its economic policy, so that Western governments and commercial banks will agree to reschedule most of the $13.85bn debt principal owed over the next four years.

Belgrade wants repayment of this spread over 10-12 years, with a 5-6 year grace period. It hopes that regular consultations with IMF officials could replace a more binding standby credit arrangement and still placate the anxieties of its creditors.

Some Yugoslav officials believe that the Government in general, and Mr Klemencic in particular, will now have to back down from their rigid stance on Letters of Intent. "It is not impossible for a borrowing country to take a rigid stand," one noted.

Last week in Paris, Yugoslavia's Western government creditors decided to insist on a standby arrangement as the precondition for their agreement to postpone repayment of their loans. The commercial banks, whose negotiators are in Belgrade this week, seem likely to do the same.

There has been steadily growing disquiet here on the part of conservative politicians outside the Government that the IMF has been infringing the country's sovereignty and forcing it into too rapid adjustment. This is in spite of the fact that IMF terms for its $370m standby credit this year are no harsher than the government stabilisation programme which they all, in theory, support.

Yielding to this pressure, Mr Radovan Makic, the national bank governor, told Parliament last week that Yugoslavia "will not accept that kind of dictated conditions for repayment," referring to IMF terms in 1983-84.

The Government, in any case, is trying to respond to popular complaints about its austerity measures of the past four years by reviving economic activity and raising domestic consumption, while still sustaining the export drive.

A consequent increase in imports should benefit Western manufacturers, but the big questionmark remains, as always, over inflation. Economists in and outside the national bank believe it is moderating slightly but will still top 50 per cent over the year.

In the first nine months, Yugoslavia earned a $704m hard currency current account surplus.

In the prospectus just presented to its international creditors as the basis for a multi-year ... ...rescheduling, Yugoslavia is hoping to reduce indebtedness by $700m next year to $18.6bn, and to $16bn by 1990. By the end of the decade it wants to reduce the share of foreign exchange earnings going to service the debt to 25 per cent from this year's 45 per cent.

Christopher Bobinski in Warsaw assesses a fresh rift between church and state

Priest's killing marks setback for Polish hardliners

FATHER Jerzy Popieluszko, the outspoken pro-Solidarity Polish priest was kidnapped and probably murdered almost two weeks ago by three Government security men on a road near the city of Torun, but the fuse the three officials aimed to set alight was 120 miles away in a suburban Warsaw church.

At St Stanislaw, a white stone-faced building with two concrete towers which dominates the area, the 37-year-old priest conducted his "services for the fatherland." Since 1982 they have attracted thousands of people who looked to the church to save Solidarity from the oblivion to which the authorities hoped to consign it. Father Popieluszko's sermons gave them hope the attempt would fail.

The confirmation of his death last night gives the church a new martyr, and while it may not herald any new concessions towards Solidarity, the reaction of the regime to the kidnapping marks a severe setback to the hardliners in the security services.

As Captain Grzegorz Piotrowski, 33, the leader of the group of security men, set off on his mission he knew that the issue of the protection the Church was giving to political activities was again coming to a head.

A meeting between Gen Wojciech Jaruzelski, the party leader, and Cardinal Glemp, the Polish primate, had been called off last month without another date being set and the authorities had been angered that few bishops had voted in local government elections.

At a central committee meeting due the weekend after the kidnapping the question of renewed legal action against defiant priests was scheduled to be raised.

Captain Piotrowski, questioned later about his motive in kidnapping the priest, said he had been trying to show that present methods of dealing with the church were ineffective. Given the state of church/state relations he may have calculated that the authorities would have to cover up for him and shrug off protests as has happened in the past.

Cardinal Glemp

But he and those in the Security Ministry whom the party leadership is strongly implying have backed him would have a more far-reaching motive to cause a permanent rift between church and state.

This would have deprived General Jaruzelski of the conditional support he enjoys from church leaders, who want to try to avoid social unrest and believe that there are much harder-line alternatives to the present leadership.

Such a break between church and state would have led Gen Jaruzelski to rely much more on the security service and would have spelt an end to the cautious reforms he is trying to push through following his amnesty for political prisoners in the summer.

Gen Jaruzelski turned on the kidnappers. Backed by the Interior Minister Gen Czeslaw Kiszczak, who himself previously worked in army counter-intelligence, he identified them and made the news public.

Last weekend they persuaded the central committee meeting to condemn the kidnapping, and approve a purge in the security ministry. The resolution also pointed a finger at Mr Miroslaw Milewski, the party secretary for security, who might be expected to leave his post soon.

General Wojciech Jaruzelski

The way in which this was done suggests that the party leadership had decided that the challenge was domestically inspired, and that there was no Soviet involvement. As one well-placed official privately confided: "We don't think the inspiration is coming from abroad."

Most observers now agree that the intrigue originated among the traditionalists in the security services who are resentful at having an army man put over them and unhappy with recent policies which have tended to stop short of outright repression.

The question Polish leaders now have to answer is how harsh the purge must be, given that they have to re-establish control but also keep the security services in working order. They may take the opportunity to remove other rivals, including those dogmatic politicians who argue against General Jaruzelski's pragmatism and those party members who are resentful of the army influence at the top.

The party leadership can bide its time for, despite the 30,000 strong crowd on Sunday at St Stanislaw's church and the constant stream of people there every day, the fuse lit by the three kidnappers is burning only slowly.

The morale of workers has taken such a battering in the last three years since martial law that resentment will have to grow more before there is a risk of conflagration. Just in case, however, the authorities have introduced summary procedures in some major towns like Gdansk and Wrocklaw for misdemeanors arising out of street demonstrations.

The next peak of emotional tension will be Father Popieluszko's funeral. Gen Jaruzelski will be looking to the church to ensure order and Cardinal Glemp has already sounded a note of forgiveness which will no doubt be repeated.

In a move distancing the church from the Solidarity opposition, the Warsaw bishops have already asked the people at St Stanislaw, many of them well-known Solidarity leaders, to leave and they have done so.

While the authorities think out their next move, they will realise that they need the church's neutrality more than ever before.

WEU's parliamentarians look for more than encouraging word

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

"GO INTO the villages, the strets, the *quartiers* and the constituencies of Europe. You will find that the majority of people fel there should be institutions to take care of Europe's defence. But conduct an opinion poll, and you will find sadly few people who have ever heard of the Western European Union or our assembly."

So said Jean-Marie Caro, the French president of the WEU's assembly, in Monday's extraordinary debate on the merits of the revival of the seven-government 30-year-old organisation. The foreign and defence ministers who decided to relaunch the almost defunct institution in Rome last Saturday seem to have high hopes that its assembly will somehow help rebuild the European defence consensus.

They dedicated a quarter of their document on WEU reform to the need to improve their own relations with the assembly, while minister after minister declared how important it was that the assembly should be used to mobilise public opinion behind their own new efforts to strengthen the "European pillar of the Western alliance"

Many parliamentarians seem to think — to judge from Monday's debate — that they could do just that, though they want more support and more money than they have had in the past from member governments.

But M Caro's doubts about the ability of the assembly (and by implication the WEU itself) to galvanise European electorates seem more to the point.

The assembly's weakness is by no means all its own fault. It can have only as much power or influence as ministers want to give it. As it reminded ministers on Monday, in the form of a 24-page printed document of past resolutions, it has been calling for much of the past 30 years for just such a revival as ministers now say they want.

Secondly, its membership, decreed by the amended Brussels Treaty of 1954 which created the WEU in its present form, hardly makes it the most dynamic of bodies.

Its members must be drawn from those who attend the Council of Europe. Since that body, formed in 1949 from all Europe's democracies (now numbering 21), discusses human rights and other related affairs, it does not generate great expertise in defence matters.

Neither is the assembly's expertise or dynamism helped by the way individual MPs are chosen. Britain, France, West Germany and Italy all send 18 members, while Belgium and the Netherlands send seven and Luxembourg three. Each has an equal number of susbtitutes.

The MPs are appointed by political parties according to their strength in national parliaments. In many countries, there is a strong element of "jobs for the boys." Judging by appearances, not many members are under 50 year old and many are well over 60.

The picture of an ageing and uninterested assembly is unfair if only because there are some bright young members. Many of the reports of the assembly are of a consistently high quality, as younger members like the British Conservative, John Wilkinson, or the Belgian Armand de Decker use what opportunities are offered to introduce more dynamism in to the proceedings.

Men like these believe the assembly itself, and not just the WEU council and its two committees, must change. Also on the side of change is the distinguished Herr Karl Ahrens, president of the West German delegation and president of the Council of Europe.

He suggests that as the membership is controlled by treaty (and others suggest that if the treaty were to be changed the whole thing might fall apart), member states should agree informally to use the substitute system to improve the membership by distinguishing between WEU and Council of Europe members.

As M Caro noted the critical first stage will be for the ministers themselves to take the assembly more seriously.

OVERSEAS NEWS

Hugo Gurdon on why the threat of economic collapse has forced a change of priorities

Nimeiri retreats from political confrontation

THERE ARE growing indications that President Jaafar Nimeiri, whose political and religious measures over the past 18 months have alarmed his allies and provoked internal dissent which threatens Sudan's economic future, is attempting to defuse the country's crisis.

The most tangible sign yet is the recent lifting of a five-month state of emergency, a response in part to pressure from Egypt and the U.S., his major allies. But it also follows his recognition that exploitation of Sudan's considerable oil potential cannot be realised until his widely unpopular policies, which have seriously aggravated guerrilla activity in oil areas of the South, are modified.

With an external debt of over $7bn last year—more than seven times 1983 export earnings—hopes for an economic recovery are pinned on the commodity. The foreign exchange earnings which oil exports would bring would not in themselves cover Sudan's external financing needs, but it would improve creditworthiness and cut out a fuel import bill which last year swallowed 55 per cent of export revenue.

For 18 months guerrillas of the Sudan People's Liberation Army have made the South a battleground and Chevron, the U.S. oil company, refuses to resume work until peace is restored. A military victory by the Government is unlikely and President Nimeiri now seems to have begun dismantling the policies which caused such resentment and turned the SPLA into an effective and well-supported force.

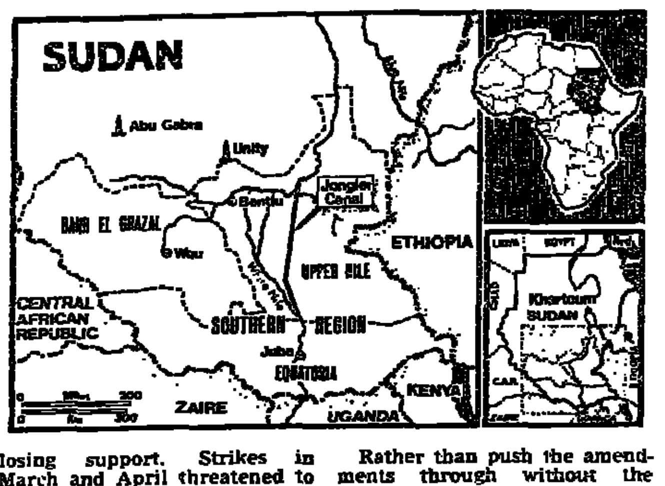
Chief among these policies was his decision in May 1983 to revoke the South's semi-autonomous status and redivide the area into three provinces. Although popular in Equatoria, the Nilotic tribes of Upper Nile and Bar al Ghazal provinces opposed the move as an attempt to divide and rule.

President Nimeiri's introduction of Islamic Sharia law in September last year was seen as a further threat to the Christian and animist black population of the South, fuelling widespread resentment and causing the SPLA to step up its activities.

Judicial hand amputations began in December and in February this year SPLA attacks had shut down Chevron's oilfields and the Jonglei canal scheme which, respectively, are the prime economic interests of Sudan's main allies, the U.S. and Egypt.

President Nimeiri was fast losing support. Strikes in March and April threatened to recreate the conditions of chaos in Khartoum which precipitated revolution in October 1964. His hold on power depended on a show of force—he declared a state of emergency on April 29.

In August, the President took what appears to have been the first step in a retreat from confrontation. He withdrew constitutional amendments which would have made Sudan an Islamic republic with himself Imam (leader) for life, and which would have codified the Southern redivision.



Rather than push the amendments through without the stamp of parliamentary approval—provincial assemblies in the South opposed the changes and the National Assembly sloughed off its accustomed subservience and refused to endorse them—Mr Nimeiri backed down.

He announced that the three southern provinces could reunite if their assemblies agreed.

Although Sharia law has not been scrapped, there are signs — such as the dissolution of the "decisive justice" courts set up during the emergency—that Islam will not be enforced with such rigour.

The President appears to have chosen a ripe moment for his tactical retreat. Their ranks riven with internal squabbling, the SPLA have lacked an obvious target for attack with the Chevron and Jonglei projects shut down. Much of their recent activity has been simple banditry.

The volte face has almost certainly resulted as much from external as internal pressure. The Jonglei canal is vital to Egypt as a means of increasing the flow of the Nile's waters for irrigation. Recent riots in the Nile Delta over food price increases have underlined Cairo's need to see peace restored to Southern Sudan.

And the U.S. is hardly prepared to see Chevron's $1bn investment in Sudan wasted. It is anxious for the President to defuse the danger of overthrow, seeing the regime as a bastion of Western-orientated moderation in an insecure region.

Faced in the 15th year of his presidency with opposition from within and the threat of international isolation, President Nimeiri seems to have chosen to back down rather than risk losing his status as one of the continent's toughest survivors.

Wide range of rights for new Sudanese oil company

THE AGREEMENT between President Nimeiri and Mr Adnan Kashoggi confers on the joint-venture National Oil Company of Sudan (Nocs) an extremely wide range of rights. It is to undertake all work connected with oil exploration, development, construction, refineries and harbour installations, a special correspondent writes.

The clause of the agreement which is understood to give Chevron most cause for concern entitles Nocs to acquire all rights, title, concessions, leases, and royalties of the Sudan Government in respect of any aspect of the petroleum industry.

The articles of association of the new company do not mention the existing rights of oil companies already active in the country. Third party rights are dealt with under a separate, as yet unpublished agreement due to be incorporated into a special Presidential decree.

It states that any breach of their undertaking by third parties—such as a refusal to continue normal operations—will leave them open to having their rights declared forfeit.

Under this separate agreement Sigma International undertakes to arrange and obtain letters of credit and export guarantees for a finance company to be set up as a wholly-owned subsidiary of Nocs, in amounts up to $400m over 8-10 years.

As an equal partner of the Sudan Government, Sigma has been promised unprecedented concessions. Two of the Islamic "sharia" laws in force in the country are to be waived; the company is to be exempted from laws on usury and personal income tax.

Other promised concessions include the free repatriation of equity capital and loans, tax-free imports of equipment, and machinery, vehicles and expatriates' personal effects. The company will be exempt from taxes on profits and customs fees.

CHEVRON has been chary about announcing the size of its oil discovery in the Upper Nile area, partly out of concern not to raise wild hopes and partly because of the problems of achieving commercial viability in the area.

Estimates of the reserves at Chevron's Unity field at Bentiu, where production began three years ago, are conservatively set at 230m barrels, but it may be as high as 400m.

Howe ends visit to Israel on friendly note

By David Lennon in Jerusalem

SIR GEOFFREY HOWE, the Foreign Secretary, ended a two-day visit to Israel declaring that relations between the two countries had improved. He called for the implementation of Israel's right to security and the Palestinians' right to self-determination.

He said understanding between Britain and Israel had improved over the past couple of years "because both sides are anxious to work towards the restoration of healthy relations" and because the Israeli invasion of Lebanon which "caused a tremor in the relationship" is now two years old.

"I think the differences of policies between our two countries are better understood on both sides. Certainly the tone of our relationship is better than in recent years," Sir Geoffrey told a Press conference here yesterday morning.

Referring to the Arab-Israeli dispute, the Foreign Secretary said: "There are two rights which in our view lie at the heart of the problem, Israeli's right to existence and to long-term security and the Palestinians' right to self-determination. Those two rights remain, sadly, at the level of principles. It is increasingly urgent to put them into practice because time is not on anybody's side in the Middle East."

President Hosni Mubarak, the Egyptian leader, is due to begin talks with West German leaders in Bonn today following a two-day visit to Paris. Talks with West German Chancellor Helmut Kohl, the third between them in under two years, are expected to centre on new peace initiatives in the Middle East and on trade between West Germany and Egypt, Peter Bruce writes from Bonn.

Bonn is thought unlikely to want to involve itself in any Middle East action without the collaboration of the rest of the European Community, but it is possible progress may be made on negotiations for the delivery of an atomic power plant to Egypt, the third largest recipient of foreign aid from Bonn.

Sir Geoffrey met with five prominent Palestinians from the West Bank and the Gaza Strip at the British Consulate in east Jerusalem yesterday morning. The Palestinians expressed their frustration over the fact that there are no peace options available at this time.

Despite the exclusion from the meeting of radical leaders associated with the Palestinian Liberation Organisation, Mr Rashid-a-Shawa, the deposed mayor of Gaza, said: "We consider every Palestinian inside the occupied territories and outside as part and parcel of the PLO."

Describing the difficulties of living under Israeli occupation, especially at a time when inflation is approaching 1,000 per cent, Mr Elias Freij, the mayor of Bethlehem, asked for increased European aid to the West Bank and the Gaza Strip. Sir Geoffrey said that he had "taken note of the importance attached to that point."

The Foreign Secretary said that having visited Lebanon before coming to Israel he had the clear impression that both countries were agreed on the need for an early Israeli withdrawal and the establishment of a secure border between them.

"The practical differences which exist are bridgeable. It's important that progress on the substance should not be held up by obstacles over procedure," Sir Geoffrey said, in a clear reference to the bickering over the framework in which military talks are to be held between Israel and Lebanon.

On the possibility of a British role in an expanded United Nations peacekeepink force in Lebanon, the Foreign Secretary said that the UK Government "would give consideration to any suggestion that we should play a part in it. This does not necessarily imply any troops on the ground. We do play a part by the provision of logistical support."

European Community agrees emergency package for Ethiopia

BY QUENTIN PEEL IN BRUSSELS

THE European Community is to provide emergency aid of some 100,000 tonnes of cereals, in addition to medical and transport assistance, to drought-ravaged areas in Ethiopia and the Sahel region of Africa.

The details were announced by M Edgard Pisani, the European Commissioner for Development, in Brussels after the package was given approval by a meeting of the European Commission.

The emergency programme will cost Ecu 32m (£19m) from the present year's budget and the Commission agreed to put aside a further Ecu 25m (£14.8m) to be spent on food aid for famine victims from January 1.

However, M Pisani warned that the most difficult problem facing the relief effort, especially in Ethiopia, would be the logistics of getting the food aid to the drought-hit areas. He said Ethiopia needed an estimated 45,000 tonnes of grain a month, but its port capacity was only 30,000 tonnes a month and its internal transport system could handle barely 15,000 tonnes in the same period.

M Pisani said that European Community aid to Ethiopia already amounted to one-quarter of the country's imports, with 117,000 tonnes of cereals and 5,000 tonnes of dairy products sent in the past year. A similar amount had been sent to the most severely affected Sahel states, including Chad, Mali, Mauritania and Niger.

He warned that the situation could become still worse once the much-reduced harvest in the region was exhausted, with a further crisis likely in March or April next year.

Sig Gulio Andreotti, the Italian Foreign Minister, said yesterday his country was providing aid worth L18bn ($10m) to victims of the Ethiopian famine, Our Foreign Staff writes. Foreign Ministry officials said the aid would consist of food and spare parts for vehicles distributing supplies. At the same time, the world's major churches announced in Geneva that 3,000 tonnes of food donated by the U.S. and European nations would be sent in a church-sponsored airlift beginning on Saturday. In Denmark, the national broadcasting company and two relief organisations announced a joint drive to raise DKr 500,000 ($45,450) for Ethiopia.

M Pisani estimated that some 160,000 tonnes of cereals would now be delivered to Ethiopian ports in November and December — although Ethiopian Government calculations amount to only 90,000 tonnes.

Part of the Community cash will go towards increasing the number and maintenance of the lorries available in the country and to continuing an airlift of food aid which has already moved some 2,000 tonnes from the port of Asmara to Mekele in the drought area, he said.

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Japanese trade surplus at record six-month high

BY JUREK MARTIN IN TOKYO

JAPAN'S current account and trade surpluses for September and for the first half of this fiscal year set several records, the Finance Ministry reported yesterday.

The balance of payments surplus reached $4.35bn (£3.62bn) and the merchandise trade surplus $5.22bn last month and $18.77bn and $23.36bn respectively for the April-September period.

The half-yearly figures both eclipse the previous records set in the first six months of the previous fiscal year when the surpluses amounted to $13.2bn and $18.1bn respectively.

The only offsetting factor remains the magnitude of the long-term capital outflow. This amounted in September to $2.19bn, much lower than in the previous three months, but over the half year came to $26.83bn, well over double the existing mark of $11.4bn set in the last half of the last fiscal year.

The most noteworthy aspect of the September trade figures was the renewed surge in exports, up 14.7 per cent over the same month last year to $14.48bn, which easily outstripped a niggardly 0.3 per cent advance in imports to $9.26bn.

The recent double digit monthly increases in imports, though partially inflated by heavier oil buying, had given some substance to the government's contention that the pick-up in domestic demand was showing up in larger purchases of foreign goods.

Mr Shintaro Abe and Mr Noburo Takeshita may retain their posts as Foreign and Finance Ministers respectively in Mr Yasuhiro Nakasone's next government, according to informed sources here yesterday, our Tokyo correspondent writes.

For them to do so would be unusual in Japan. Both men have served nearly two years in their portfolios, normally the maximum for a Cabinet here. Moreover, this will be Mr Nakasone's third Government, following the post-election Cabinet reshuffle at the turn of the year which would also, as a rule, dictate a move.

Both Mr Abe and Mr Takeshita are in line eventually to succeed Mr Nakasone. If they do stay on at major ministries it will be because the other senior jobs to which they might have moved are being apportioned elsewhere in the careful factional balancing act that always marks Japanese Cabinet-making.

But the domestic economy seems to have slackened off a bit in August and September while exports, buoyed by the sales of electronic goods to the U.S., again shot ahead.

For the full half year, exports amounted to $85.52bn, 18.3 per cent up on the same period a year ago, while imports reached $62.16bn, a 14.6 per cent increase.

Mozambique talks end

BY ANTHONY ROBINSON IN JOHANNESBURG

MR PIK BOTHA, the South African Foreign Minister, yesterday concluded talks in Pretoria with delegations from the Mozambique Government and the rebel Mozambican National Resistance (MNR) before flying to Cape Verde for talks on Namibia and Angola with a U.S. delegation led by Mr Chester Crocker, Assistant Secretary of State for African Affairs.

The Mozambican talks "led to a better understanding of the positions of the respective parties," according to a Foreign Ministry statement. But the difficult and delicate nature of the discussions, which were designed to bring about a cease-fire in the eight-year Mozambican civil war, was underlined by their bilateral nature. Mr Botha, aided by Gen Magnus Malan, Minister of Defence, and Deputy Foreign Minister Mr Louis Nel, shuttled between the two delegations.

In Cape Verde, Mr Botha is expected to discuss the signs of a greater Angolan flexibility towards the possible withdrawal of Cuban troops and the prospects for a withdrawal of South African troops from southern Angola and an end to the conflict in Namibia between South Africa and the South West Africa Peoples Organisation.

Jakarta rocked as explosion kills 13

BY KIERAN COOKE IN JAKARTA

THE INDONESIAN authorities said yesterday that at least 13 people died and several others were injured when a large military ammunition dump exploded in Jakarta late on Monday night.

The entire capital was rocked by a series of blasts, with an estimated 130 shells flying over a wide area of the city. One businessman living nearby said the blasts had the effect of an artillery barrage, with the whistle of shells and flying shrapnel everywhere.

More than 24 hours after the fire started, there were still occasional explosions. Thousands of people have had to be evacuated, though some chose to stay rather than leave their houses or businesses. One man said he spent the whole night in a ditch crouched under his small cigarette stand.

A fire is believed to have started the explosion at the dump in Cilandak, south Jakarta, and the government is investigating its cause. The possibility of sabotage has not been ruled out, particularly after recent bomb attacks and clashes between Moslems and troops.

The population is very jumpy after a number of big fires and explosions in the city recently, with one group claiming to have laid bombs at prominent business premises as a protest against the government of President Suharto. There have been several bomb threats at various businesses and at least one embassy over the past 24 hours.

The military said there was still a considerable quantity of live explosives at the dump. One part of the city looked like a bombed-out area with roofs off houses and walls caved in. Flying debris and shrapnel hit districts more than a mile away and windows were shattered over a much wider area.

It is feared the death toll could be higher: many people died from shrapnel wounds and burns. Patients at a nearby hospital were said to have suffered heart attacks when the first big explosion occurred.

Much of the ammunition at the dump is believed to be from the Soviet Union, relics of more than 20 years ago when Moscow and Jakarta enjoyed close ties. The government, criticised for allowing such a dump in the city, has broadcast appeals to people to keep calm.

Nancy Dunne investigates the political mood in Illinois

Farmers back lesser of two evils

THE APPEARANCE of the auctioneer has signalled the end of an estimated 200,000 U.S. farms since 1981. So, when a group of farmers held a foreclosure sale this month near the large hog farm of Mr John Block, the U.S. Agriculture Secretary, they knew the procedure well.

They were not, however, auctioning a farm, but foreclosing, they said, "on the bankrupt policies of the Reagan Administration." Among the implements sold by the Illinois Farm Alliance, were: a manure spreader (representing the farm programme plank in the Republican platform); a silo rope (symbolising the allegation that strings were pulled over a low-interest loan and a set of glass jars (for "the failed promises of drought relief.").

The rich, silt soil of Illinois produces some of the finest soyabean and maize yields in the nation. An efficient river transportation system sends 80 per cent of the produce down the Mississippi, where it is picked up by ship for export. The farms, for the most part, are large and well-managed, their woners articulate, serious businessmen.

But high interest rates, the strong dollar, low prices and periods of poor weather have taken their toll, and many of Illinois's farmers are barely getting by.

Two commodities separate the haves and the have nots in the state—water and debt. Rains were spotty this year. Yields vary tremendously between farms separated by as little as 10 miles, and low yields can make the difference between success and disaster.

Debt, says Mr Joe Sommes, a small but prosperous farmer in central Illinois, is a matter of chance. The younger, ambitious farmers, or those in partnership with family members who expanded operations in the past decade when land values were climbing often became over-extended. The ill-fated Carter grain embargo, the decline of inflation, exports and prices and the collapse of land values caught many in a fatal squeeze.

As conditions vary, so does rural political thought. Most farmers are conservative—it was once considered a sin in rural Illinois not to vote Republican but the national debate over Government involvement in agriculture rages locally.

"Most of the things Government does, it ends up doing to the farmers rather than *for* them—grain embargoes, deficits, high interest rates and the like," says Mr Dennis Vercler of the influential Illinois Farm Bureau.

Other farmers want mandatory production controls, a moratorium on foreclosures, massive debt reschedulings and higher price supports.

Many of those in trouble have decided to forgive Walter Mondale for Jimmy Carter's grain embargo against the Soviet Union and vote Democrat. They believe Mr Mondale's pledge to reduce the budget deficit will restore some health to the farm economy, and they are deeply distrustful of the Administration's plans for 1985 farm legislation, which could well lower price supports.

"Increasing exports will do us no good if we have to sell below the cost of production," said Mr Larry Gallagher of the Illinois Farm Alliance. The Soviet Union is now buying U.S. maize, which costs $3.60 a bushel to produce, at $2.70 a bushel.

This view, however, appears to be in a minority in the state, where Mr Mondale lags 10 points behind the President in the polls. While many well-to-do farmers are not enamoured with the President personally, they do not believe Mr Mondale's pledge to cut the deficit and they have concluded that the President is the "lesser of two evils."

"He was not a good actor," said Mr Morris E. Nelson, a member of the State Farm Bureau, "and he's not much better as a president."

Mr Block and many farm economists believe that the current U.S. system of price support makes American commodities too expensive in foreign markets. Rather than sell their produce at lower prices, farmers can store it with Government assistance and receive Government loans. Meanwhile, other countries are increasing production and undercutting U.S. prices in traditional U.S. markets.

The Illinois Farm Bureau agrees with Mr Block that lower price supports would mean higher exports, but claim their worst foes are high interest rates and the strong dollar. They tend to lay the blame for both on Congress.

Mr Block himself is personally well-liked by most of his neighbours, despite revelations during the summer that his investment partner had received $400,000 in emergency low-interest Government loans because of 1983 drought loses.

The Farmers Home Administration, which extended the financing, was set up to help the nation's neediest farmers, and has been criticised for cracking down on thousands of other over-extended producers.

Many Illinois farmers seem inclined to believe the Secretary's assertion that he knew "absolutely zero" about the loans, and nationwide polls find him popular among farmers elsewhere. But the loan controversy has not gone unnoticed and one Chicago grain analyst, who spends his days speaking with local farmers, says, "there are some who would lynch him if they could catch him."

Members of the Illinois Farm Bureau worry that declines in American consumption of red meat are badly damaging the domestic livestock industry and decreasing feed demand. Their greatest fear is that the Reagan Administration will fail to keep foreign markets open, particularly in the European Community.

They have taken to heart the Administration's message that agriculture must become an efficient business rather than "a way of life" but they still speak with religious fervour of farming.

If Mr Mondale is to have a shot at carrying Illinois, a state which would give him almost 10 per cent of the electoral votes needed to win, he must convince some of the traditional Republicans that he, as "the only former pea-lice inspector ever to run for President" can better represent them.

Despite a 115-mile bus trip through Mid-Western farm towns last week, when he implored farmer to trust him, he is likely to have a difficult time convincing the tough-minded, independent voters of rural Illinois, who believe that the best government is the one that is the least trouble.

Mr John Block, U.S. Agriculture Secretary (left), shows visiting French President Francois Mitterrand around his Illinois farm. U.S. farmers are concerned that Reagan administration policies may lose them markets in Europe.

Canadian GM deal highlights divisions with U.S. workers

BY BERNARD SIMON IN TORONTO

GENERAL MOTORS' workers in Canada ended their 12-day strike yesterday after overwhelmingly approving a three-year labour contract significantly different to that negotiated earlier this month by GM's U.S. workforce.

The Canadian branch of the United Auto Workers sees the contract as a major step towards recognition of the divergent objectives of U.S. and Canadian motor industry workers.

Mr Bob White, the UAW's Canadian director, said: "The days of rubber-stamping the U.S. agreement are now gone."

The Canadian strike, which disrupted GM's operations throughout North America, highlighted divisions among motor industry trade unionists over the independence of the Canadian arm of the UAW and the acceptability of the U.S. contract with GM.

Mr White said the union risked a split if it did not recognise the different needs of Canadian workers, alluding to pressures from the Detroit-based UAW leadership to settle the strike quickly.

More than 87 per cent of GM's Canadian production workers and 83 per cent of other skilled tradesmen ratified their contract, compared to a slim majority of 57 per cent in the U.S.

Canadian workers rejected the innovative job-security and profit-sharing elements of GM's U.S. settlement. They chose instead a more traditional combination of guaranteed wage increases and cost of living allowances. A Canadian assembler's hourly pay will rise from C$13.07 to C$15.59 (£9.80).

Job security is a less sensitive issue among GM's Canadian workers, who were virtually unaffected by lay-offs during the last recession.

GM has in the past decade also moved production facilities from the U.S. to Canada. This year it has announced investments of C$1.3bn in Canada, including a new truck assembly plant.

Labour costs are almost U.S.$8 per hour lower in Canada than the U.S., as a result of exchange rate differences and Canada's state-subsidised health care programme.

● Pickets withdrew from Mack Truck factories in three states yesterday and 9,200 workers prepared to report for work for the first time in nine days after the company reached a tentative contract agreement with th UAW, AP-DJ reports from Pennsylvania.

Representatives of both sides refused to give details of the agreement reached on Monday until the workers vote on November 11, but UAW said it provided greater job security

Reagan 'will raise taxes to cut budget deficit'

BY STEWART FLEMING IN WASHINGTON

Mr MARTIN FELDSTEIN, former chairman of the U.S. Council of Economic Advisers, predicted yesterday that President Reagan would, if re-elected, accept the necessity of increased taxes as part of a political compromise aimed at cutting the federal budget deficit.

Mr Feldstein, speaking at a U.S. League of Savings Institutions conference in Washington, suggested the President would not want to end a second term leaving a legacy of a huge budget deficit.

Privately some administration officials say they believe the President's strategy will be to seek the maximum level of cuts in spending but, if Congress makes the running on a tax increase as part of a budget cutting package, he will be ready, with a suitable display of reluctance, to reach a political compromise.

The Treasury is currently working on tax reform proposals, including one possibly aimed at ending the current system which taxes profits once as corporate income and once as dividend income to shareholders. Officials, however have steadfastly been telling sceptical observers that "tax reform" does not imply "tax increase."

Separately yesterday the administration appeared to be preparing the electorate for the possibility that one of the last two major economic statistics due before the election—today's publication of the September leading economic indicators may show a slight decline.

Mr Robert Ortner, the Commerce Department's chief economist, said the index "may not have changed very much" and that even a slight decline would not indicate that the economy was slipping into recession.

The commerce Department also reported yesterday that on a seasonally adjusted basis new house sales jumped 21.9 per cent in September, the biggest increase since May 1980 and one which will be taken as a tentative indicator that the housing market is showing continued resilience.

FBI 'exposes bribery in navy buying system'

By Louise Kehoe in San Francisco

TWENTY-EIGHT U.S. naval purchasing agents have been charged with accepting bribes to buy parts and tools at grossly inflated prices, following an FBI undercover investigation in California.

The arrests were the latest in a series of U.S. military purchasing scandals that have raised widespread criticism of military spending.

The naval personnel based in San Francisco and San Diego are charged with accepting over $35,000 in contract kick-backs. They allegedly bought tools and parts at a high price from selected vendors, who agreed to pay kick-backs in exchange for the business, according to Mr Joseph Russoniello, U.S. attorney for northern California.

The two-year FBI investigation involved setting up two phoney supply companies that offered bribes to the naval officers. FBI undercover agents sold the suspects items such as 8 cent rivets for 88 cents and $3,800 valves for $8,600, according to the FBI.

Although the FBI accepted $178,000 in contracts over the two-year period, "we could have had millions more. We were turning away business," said Mr Peter Robinson, Assistant U.S. Attorney.

He said the investigation indicated there was "widespread abuse of the navy procurement system among both navy personnel and vendors doing business with the navy."

The ease of getting into the purchasing system and "the breadth of participation" led prosecutors to believe that it is a widespread practice. Mr Russoniello said similar investigations were under way in other areas. He refused to give details.

Scattered response to Chile strike call

By Mary Helen Spooner in Santiago

A 24-hour general strike declared by Chile's National Labour Command and the Democratic Popular Movement, a Leftist political coalition, got off to an uneven start yesterday. Most workers remained at their jobs but demonstrators erected barricades and blocked traffic along several principal roads in the capital.

The general strike followed a day of protest against General August Pinochet's military regime. The strike was organised without the support of Chile's largest opposition group, the multi-partisan Democratic Alliance, and several dissident trade unions, who said conditions were not yet right for a national work stoppage and would only lead to massive dismissals.

Sr Adolfo Quinteros, the president of Chile's Truckers Federation, lamented the National Labour Commands decision to call the strike before a more unified trade union position could be taken.

Public transportation and traffic were running at less than one-third of usual capacity in Santiago, as many drivers stayed home rather than risk attacks on their vehicles. School attendance in the capital was reported at only 30 per cent.

Despite the partial nature of the strike, Chilean officials continued to crack down on dissent. At least six radio stations in Santiago and the provinces have been ordered to halt their news broadcasts and nearly 300 people arrested in mass round-ups in Santiago's poor and working class neighbourhoods have been sent to a penal colony in northern Chile. An official communique described the detainees as an assortment of common criminals and said they would be enrolled in a rehabilitation programme.

Siles ends hunger strike

PRESIDENT Hernan Siles Zuazo of Bolivia, claiming success in his goal of "creating a climate of reflection and peace," on Monday night ended the hunger strike he started almost 95 hours before, AP reports from La Paz.

The 70-year-old president, in announcing the end of his fast, said he has accepted an offer by the nation's Roman Catholic bishops to mediate his dispute with the opposition-controlled Congress over his drug enforcement policies.

WORLD TRADE NEWS

Brazilian Bill will protect growing computer industry

BY ANDREW WHITLEY IN RIO DE JANEIRO

AN AVOWEDLY nationalistic law protecting Brazil's fast-growing computer and data processing industry against foreign competition came into force yesterday, following its approval by President Joao Figueiredo.

The President gave his assent on Monday to the broad lines of a Bill passed overwhelmingly by Congress earlier this month. This gives eight years' total protection to nationally-owned companies in the micro and mini computer sectors and severely curbs new investment by the multinationals.

A complementary law covering software is also to be drafted shortly, for presentation to congress before the end of the Figueiredo administration next March.

Multinationals already well established in Brazil, such as IBM, Burroughs and Hewlett-Packard, put in a year-long campaign behind the scenes against the new legislation. But they received little support from any significant sector of Brazilian society.

A lone opponent of the Bill, Senator Roberto Campos, a former Planning Minister, said recently he would continue to fight the legislation in the courts, on the grounds that it is unconstitutional.

President Figueiredo himself amended the Bill passed by congress eliminating 23 clauses. The most significant of these would have established a Cruzeiros 800bn (£263m) annual fund to finance research and development.

Supporters for the legislation argued yesterday that the elimination of the research fund, to be financed out of taxation, severely weakens the protection provided to the Brazilian industry. They are likely to seek to re-instate the clause when the new Government takes office.

Shielded by *de facto* protection in force for the past five years, the data processing and digital telecommunications sectors in Brazil have recently been growing very rapidly.

A recent survey by the Government's Special Informatics Secretariat, SEI, an all-powerful supervisory agency, of the leading companies showed that 1984 sales are expected to reach Cru 1,400bn. This is up from Cru 284bn recorded in 1983.

Under the new legislation, control of the sector has been taken away from the military-controlled National Security Council and transferred to the President's office. However, SEI will remain in existence in *a new form.*

Iata calls for more liberal air fare policies

By Michael Donne, Aerospace Correspondent

PROSPECTS for cheaper air fares in Western Europe are limited unless governments modify their attitudes and adopt more liberal fares policies.

This emerges from a new study on European air fares prepared by the International Air Transport Association (Iata), which shows that contrary to many reports, air fares in Europe are already remarkably low by comparison with *overall operating costs of airlines.*

The new study points out that already thousands of different discount rates are available in Western Europe — such as excursion, advanced purchase group, stand-by, and others.

The Iata study suggests that the best scope for reducing European air fares further lies in changes in both government and airline attitudes with the need for new and innovative pricing mechanisms.

● IATA is to have a new Director-General. Mr Knut Hammarskjold, who has held the post since 1964, is retiring at the end of this year, and is to be succeeded by Mr Gunter Eser, currently a member of the executive board of Lufthansa, the West German airline.

Francis Ghiles examines how EEC enlargement would add to Rabat's problems

Morocco fears further blow to exports

Moroccan Ministers and senior officials do not attempt to conceal their bitterness vis-a-vis the EEC.

They feel the Agreement of Association signed in 1969 and the Co-operation Agreement which followed have fallen far short of their objectives. The entry of Spain and Portugal could deal a further blow to Moroccan exports to EEC countries.

The prospective EEC enlargement, moreover, comes at a time when Morocco is bedevilled by a range of problems. The country is overborrowed abroad. The conflict with the Polisario guerrillas over the Western Sahara is now in its ninth year with no diplomatic solution in sight, and there has been five years of intermittent drought.

The country's trade problems do not stem entirely from what is perceived as EEC protectionism. The Kingdom's major hard income earner, at least until 1983, was phosphate rock. Prices have fallen sharply from the high of $68 reached in 1975.

Since 1976 though, Morocco's trade deficit with EEC countries has increased from Dirham 2.8bn (£250m) to Dr 4.2bn. Where trade in fruit and vegetables is concerned a Moroccan surplus of Dh 500m had been turned into a deficit of Dr 300m by the end of 1982.

Moroccan exports have been hit by a number of factors the most important of which is the ever increasing reference price —the minimum price at which imports are allowed into the EEC—applied to certain produce as a result of the EEC Common Agricultural Policy. Tomatoes and oranges offer two good examples. EEC production of tomatoes between the months of November and April was negligible in the early 1970s but today represents 4 per cent of all tomatoes consumed in the 10 countries over a 12 month period, because of subsidised production, notably in Holland. Together with a near tripling of the reference price in the same period, the effect has been *to cut Moroccan exports back* from 170,000 tonnes in 1973-74 to 74,000 tonnes in 1983.

In turn this has meant cutting production because Moroccan industry does not have much capacity to can tomatoes or turn them into paste.

Yet Moroccan exports of tomatoes to EEC is equivalent to 2.5 per cent of EEC production and about 14 per cent of the Ten's consumption.

The Moroccan share of EEC imports of agricultural and agro-industrial products has declined steadily over the years in favour of that of future EEC members.

Apart from ever higher reference prices the causes lie in the erosion of customs preferences conceded to Morocco and the rising cost of transport and overheads.

Vegetables in the Old Souk in Agadir: But does the EEC want them?

According to studies made by the EEC Commission itself, the enlarged Community will reach or exceed self-sufficiency in most of Morocco's traditional exports with the planned accession of Spain and Portugal.

Self-supply levels of 83-90 per cent in fresh fruit and citrus, virtually 100 per cent in fresh vegetables, 123 per cent on olive oil could be achieved.

As the production seasons of the candidate members coincide with those of Morocco, on the one hand, and are closer to the markets on the other, the result is likely to be a de facto closure of the EEC market to Moroccan exports in these areas.

If one turns to fish. Moroccan exports of canned fish have been halved between 1974 and 1982 to 11,300 tonnes a year. The Kingdom further fears that after it has joined the EEC Spain will switch its fish exports from third markets to EEC countries.

Exports of agricultural produce and fish account for 30 per cent of all Moroccan exports, the balance being

In textiles the story is a slightly happier one in that the restrictions the Community has imposed have not been as confining as with agriculture, but the fear remains that such items as shoes and clothes will, if Moroccan exporters prove too successful, be held back.

Officials recognise today's practices fall short of yesterday's promises, and additionally accept that where aid and technical co-operation are concerned little has been done because the CAP eats up most of the budget.

The bitterness of Moroccan feeling is understandable although if the Kingdom had devoted more energy to a measure of agrarian reform and attempts to lift cereal yields *and less to fruit and vegetable* exports its agricultural trade with the EEC might have been somewhat less out of balance.

The absurdity of Morocco's present and no doubt future predicament, as far as part of its foreign trade policy is concerned lies elsewhere.

Its natural, and up to 1975 when relations between the two countries were broken off, *its traditional market is Algeria.*

In no other area is this more true than agriculture and fish. Algeria buys nearly $1bn worth of such products a year most of them in Europe. But so long as the Western Sahara crisis is not solved, the Kingdom is deprived of what is potentially its most lucrative market; the only real alternative to the EEC.

Indonesia 'to adjust newly introduced tax code'

BY RICHARD COWPER

INDONESIA says it is planning to "make some adjustments" to the country's newly-introduced tax code, in a bid to help reverse a sharp decline in foreign investment.

The sweeping reforms of the tax régime, introduced on January 1, have caused widespread concern and uncertainty among domestic and foreign investors.

At a two-day conference in *London this week,* aimed at promoting British investment in Indonesia, Mr Sikuan Sutanto, director-general of tax at the Indonesian Ministry of Finance, admitted that the decision to tax fringe benefits in particular had caused "turbulence" among foreign investors.

The Government was now prepared to "make some adjustments fair to all parties," though he did not say what these adjustments would be, nor when they might be implemented.

Earlier in the year, the Government postponed for at least 18 months the introduction of a value added tax which had also caused anxiety among domestic and foreign private investors.

Though the reforms are aimed at creating a more simple and equitable tax régime, investors are clearly worried that the replacement of the old Dutch system, which relied more on negotiation than strict enforcement, will result in companies having to pay larger tax bills.

According to Mr Suhartoyo, head of BKPM, Indonesia's investment agency, no new foreign investment at all was approved in the first quarter of 1984.

In the first nine months this year, approved foreign investment totalled $750m (£625m), but of this some $550m was accounted for by one single project. In 1983 foreign investment approvals amounted to $2.5bn.

The Indonesian Government is clearly anxious to reverse this sharp decline. "I am extremely *worried about the slowdown.* Our combined foreign and domestic investment target for 1984 approvals is $8bn but by the end of September we had only managed to achieve $2bn," Mr Suhartoyo said.

Prof Dr J. B. Sumarlin, Indonesia's state minister for national development, said he did not expect the adverse impact of the tax reforms to continue.

Macao invites tenders for start on deep-water port

BY DAVID DODWELL IN HONG KONG

THE MACAO Government is inviting tenders to build the first stage of a deep water port.

The initial stage will include a container port, and is part of a larger project likely to cost up to Patacas 1bn (£102m).

About 15 companies have already expressed interest in tendering for the work, an official of the Portuguese-administered enclave said yesterday. Tenders have to be submitted by the end of the year, with the aim of having the container terminal in operation by the end of 1985.

The Macao authorities have talked of building a deep-water port for several years. A study just completed by Sogreah of France in partnership with a Portuguese consultancy firm concluded that Macao's inner harbour was close to maximum capacity. The site chosen will be at Ka-Ho Point, in the south-west of Coloane Island.

The move is part of a wider bid by the Macao authorities to reduce the territory's dependence on nearby Hong Kong. At present, cargo being exported from Macao must first be shipped to Hong Kong to be loaded into containers and then on to container vessels.

Producers plan drive to sell more wool clothes

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN FRANKFURT

A MAJOR drive to sell more woollen clothes is to be launched next year in 14 European countries by the International Wool-Secretariat, (IWS) the marketing arm of the world wool producers.

Announcing the launch of Casual *Wool at Interstoff, Europe's leading* fabric show, in Frankfurt yesterday, Herr Ulrich Wagner, the IWS's marketing executive for Western Europe said the aim was to win a larger share of the market among younger buyers moving from jeans wear to more formal clothing.

"Wool is well established in the market for classic, formal wear. While the market for formal outer wear continues to be lucrative its image has not made it easy to enter the casual market," Herr Wagner said.

Casual wool, which is being directed at the market for winter clothes, follows the IWS's successful Cool Wool campaign, which was started last year to convince the buyer it was feasible to purchase clothes made from woollen fabrics for summer wear.

Casual Wool was test marketed in four European countries a year ago *under various titles.*

"All these activities have shown that the market was waiting for wool," Herr Wagner said. "We had a very positive reaction from the consumer."

The logical development of the separate activities in the four countries was their amalgamation into a common marketing programme.

One consequence of the new programme is that the IWS's budget will be increasingly switched towards promotion of casual clothes. Up to now the organisation has put about a third of its resources in this field, but this will rise to between 50 and 60 per cent.

Bid for Latin America sales

BY HUGH O'SHAUGHNESSY IN LONDON

THE UK Department of Trade and Industry (DTI) is preparing to widen its selective marketing initiative which seeks to recapture Britain's share of the Latin American market.

Britain at present provides no more than 2 per cent of the region's $50bn imports, down substantially from the 6 per cent supplied in 1960.

Earlier this year the DTI gave selected British companies the results of an intensive survey of the Latin American chemical industry, including volumes bought and prices paid by Latin American importers.

UK NEWS

Lawson says pit strike bill may reach £1.5bn

BY PETER RIDDELL, POLITICAL EDITOR

THE COAL STRIKE is likely to add about £1.5bn to public sector borrowing in the current financial year if the dispute continues until Christmas, Mr Nigel Lawson, the Chancellor of the Exchequer, yesterday told MPs.

The new figure is substantially higher than previous officials estimates, although it is in line with some City of London projections. The last Treasury figure was £400m up to the end of July. The difference is largely explained by the increased cost of buying oil rather than coal since the end of the summer.

The £1.5bn figure principally consists of the additional spending on oil payments for police overtime on the picket lines and additional social service expenditure, less the money saved on not paying wages to striking miners. The estimate also includes between £100-200m from income tax revenue not being paid by the strikers.

Mr Lawson told MPs during yesterday's unemployment debate that, as a result of the strike, public sector borrowing for 1984/85 was likely to turn out higher than the £7.2bn figure expected at the time of the March budget, "perhaps in the region of £8.5bn." This also reflects the favourable influence of higher than expected North Sea oil tax revenue.

The Chancellor said that this outcome would still be well below last year's level of borrowing and, as a proportion of Gross Domestic Product, comfortably the smallest for well over a decade. Moreover, he said, "the overwhelming bulk of this borrowing has already occurred."

There is no present intention of introducing an emergency budget this year. The Treasury seems willing to absorb the extra costs until the miners' strike is over when a decision will be taken on whether to impose a special "Scargill surcharge," or levy, on electricity bills.

Mr Lawson confirmed that total national output was running at about 1½ per cent below what it otherwise would be, largely because of the sharp loss of coal output, while the balance of trade had been adversely affected by over £1.5bn so far.

During the debate Mr Lawson stressed the link between levels of pay and unemployment. He said that if over the past two years average earnings had merely kept pace with prices, rather than increasing by roughly three percentage points faster than prices, something like 500,000 extra jobs would have been created each year.

The Chancellor's speech followed a strong attack on the Government from Mr Neil Kinnock who delivered one of his most effective speeches in the Commons since becoming Labour leader last year. He outlined a plan to boost public investment costing an additional £2.3bn a year.

TUC hints at intervention

BY JOHN LLOYD, INDUSTRIAL EDITOR

TRADE UNION Congress (TUC) leaders yesterday showed their first public signs of taking an active role in pressurising the National Union of Mineworkers (NUM) to reach a negotiated settlement in the seven-month-old coal dispute.

In the House of Commons, Mrs Margaret Thatcher, Prime Minister, repeated that the settlement reached between the National Coal Board and Nacods, the pit supervisors' union, "must be a basis of an agreement with the NUM."

Mr Jack Eccles, TUC chairman, said that a breakdown in talks, scheduled today between the NUM and the NCB, might have to be followed by a TUC intervention.

He said that, while the present NUM position was against TUC involvement in the negotiations, "that is not to say that at some stage, not necessarily today, there should be a clear and positive input to assist our colleagues in the NUM to reach a negotiated settlement.

"What we have to judge is whether there is going to be a return to work. If there is no resumption of work, it means failure, and we have to examine whether that failure is in any part attributable to the rigidity of our colleagues in the NUM."

He said the jobs of workers in a wide range of industries were at stake, as well as miners'. "Quite frankly, none of us can live and operate in narrowly blinkered terms."

Mr Eccles said this view was shared by many of his TUC colleagues. It was clear that the miners had not yet received sufficient funds from union sources – but he described the visit by Mr Roger Windsor, the NUM chief executive, to Libya on a fund-raising mission as a "terrible miscalculation."

Mrs Thatcher's comments underscored earlier ministerial statements that the NCB would be immovable in the present round of negotiations.

It has already virtually promised to withdraw its 4m tonne capacity cut, keep open five pits marked for closure and give "full weight" to the judgments of an independent appeals body which would be set up to adjudicate on a wide range of issues.

The Prime Minister called for support in pressing the TUC to persuade the NUM to accept the Nacods settlement "and the coal strike would then be over."

Britain's worst dispute, Page 10

Female cook wins pay of craftsman

A WOMAN cook in a work canteen must be paid the same wage as a skilled shipyard craftsman, an industrial tribunal has ruled in the first case brought under amended equal pay legislation.

The decision in favour of Miss Julie Hayward, an employee of Cammell Laird, the Merseyside shipbuilders, will set an important precedent for future working of the Equal Pay Act.

Miss Hayward's pay will be uprated to the level of a £130-a-week craftsman. At present she is paid £99 a week under the shipbuilding national agreement.

Before the amendment a woman could claim equal pay only if her job could be compared directly with that of a man, of if a job evaluation scheme had been undertaken. The revised Act allows comparison with jobs in separate sectors.

□ COMPANIES making takeover bids will be prevented from exerting material influence on their takeover targets while their bids are being considered by the Monopolies and Mergers Commission, Mr Alex Fletcher, Minister for consumer and corporate affairs, said.

□ MAJOR SUPPLIERS of alcoholic drinks are warning supermarket groups that they will cut off supplies if they are offered at below cost prices over the Christmas period. Several disputes broke out last Christmas over the loss-leading of drinks.

□ PETITIONS BY Johnson Matthey Bankers for the compulsory winding-up of five companies associated with Mr Mahmoud Sipra, a Pakistani businessman, will come before the High Court in December.

All five companies are part of Mr Sipra's El Saeed group. The petitions against them are based on loans from Johnson Matthey Bankers.

Mr Sipra has said he will fight JMB's move to put the companies into compulsory liquidation.

□ UNION OIL of California has been given approval by the UK Government to develop North West Heather, part of the Heather field about 80 miles east of Shetland.

North West Heather will eventually produce between 1.8m and 2m barrels of oil. Output is planned to start immediately and the area will be fully depleted in 1992.

□ WEDD DURLACHER Mordaunt, one of the largest stockjobbers or market makers on the London Stock Exchange, is not to pay an interim bonus to its staff because of more difficult trading conditions in the UK securities market. It is believed to be the first time since 1980 that the firm has not paid an interim bonus.

□ P & O CRUISES took delivery yesterday of the £120m Royal Princess luxury cruise vessel, the most expensive passenger ship ever built. The 45,000 tonne vessel was built in 2½ years by Wartsila, Finland's major shipbuilding company. P & O now has eight ships, with four of them based on the U.S. west coast.

□ FORD will celebrate the production of its four millionth vehicle at its Halewood, North Merseyside, plant on Monday November 5 with a fireworks spectacular and bonfire. The vehicle, an Escort XR 3i, will leave the assembly lines during the day and be on display to the local community.

Aston Martin shares change hands in U.S.

By John Griffiths

TWO OF the three U.S. owners of Aston Martin Lagonda, the luxury car maker, have sold their 50 per cent shareholding and ceased to be directors of the company.

The move, by Mr Nick Papanicolaou, formerly joint chairman, and his brother John comes just eight months after they and Mr Peter Livanos acquired 100 per cent ownership of Aston Martin Lagonda through Automotive Investments, a jointly-owned concern, which imports the cars to North America.

Neither brother was available yesterday to comment on the reasons for withdrawing.

Half of their shares have been bought by Mr Livanos and his family whose holding now stands at 75 per cent; the remainder is held by Mr Victor Gauntlett, AML's executive chairman.

Mr Gauntlett had sold a previous 55 per cent holding in AML to Automotive Investments last year, but he stayed on as executive chairman.

Plessey's joint venture in cable TV collapses

BY RAYMOND SNODDY

PLESSEY Scientific-Atlanta (PSA), the joint venture set up to sell cable television equipment to the UK and European market, has collapsed. The company ceased trading on Friday and staff are being redeployed to their parent companies.

This blow to the confidence of the cable industry in the UK comes less than two weeks after Visionhire decided to pull out of cable and BET announced that it was selling its Rediffusion cable interests to Mr Robert Maxwell, chairman of BPCC and Mirror Group newspapers.

Dr Keith Warren, Plessey's director of technology and chairman of the joint venture, said yesterday that the parent companies could not continue to spend money when they saw little prospect of serious orders being placed.

"I do not see any hope on the horizon at the moment. I would dearly love to be proved wrong," Dr Warren said.

"We are very, very unhappy and very disappointed at the state cable is in. We are not the only people looking askance at the whole thing," he said.

PSA saw the UK cable industry as the base from which it could tackle the European market. PSA is the second Anglo-American cable technology collaboration to come to grief. In March, General Electric Company and Jerrold, part of General Instrument of the U.S., decided to go their separate ways.

Like GEC-Jerrold, PSA was developing the complex switches that are needed for the sophisticated two-way cable services the Government has tried to encourage. Several million dollars has been spent on the PSA switch, which was being developed by Plessey at Nottingham.

Dr Warren said yesterday that a prototype had been developed, but that the project was now "on the back burner" until there was an improvement in the market.

Three of the 11 successful applicants for pilot franchises specified the PSA switch in their applications – Clyde, Croydon and Ealing. Dr Warren said that PSA would have needed orders from all three to make the project economic.

"They have problems. They have been sabotaged," said Dr Warren in a reference to the Government's decision to withdraw capital allowances and the subsequent drop in confidence.

Mr Christopher Yates, general manager of Ledbroke's Ealing project, said yesterday: "We did not abandon Plessey. We did not give them an order because they could not deliver on time." Ealing plans to buy its switches from Cabletime of the U.S.

Both Plessey and Scientific-Atlanta emphasise that they will continue to sell cable television equipment separately in the UK and that their collaboration in other areas will continue.

"The parents are not getting divorced," Dr Warren said. A technology transfer agreement between the two companies will continue

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The 'sideshow' which became Britain's worst dispute

A year ago the National Union of Mineworkers entered into a pay dispute with the National Coal Board, which led to the strike over pit closures. JOHN LLOYD, Industrial Editor, reports on the effects of Britain's longest-running major industrial conflict

THE FIRST anniversary today of the coal dispute – the overtime ban which became a strike – is a dismal one. It takes place on the day the National Coal Board (NCB) and the National Union of Mineworkers (NUM) meet for what has been widely advertised as a hopeless session of talks, likely to end in failure, a prelude to a winter of real discontent.

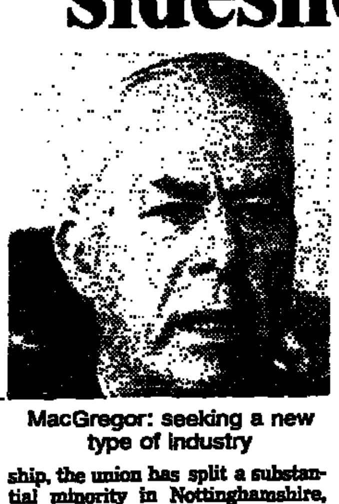
Even if the strike were to end as a result of the talks – a remote possibility, but a possibility – that past 12 months would have seen developments in and out of the country's coalfields which, had they been forecast, would have seemed the product of overheated imaginings of far right or far left ideologies.

Among the more extraordinary facts has been the strike itself. It was conventional wisdom that a national miners' strike could not be called (a) without a ballot and (b) at the end of winter, with coal stocks at record levels.

That it was called, did bite and has remained in being is testimony to the astonishing will displayed by the NUM left leadership, and in particular to that of Mr Arthur Scargill, its president.

He is a phenomenon of willpower, energy, applied intelligence and ruthlessness: the real heart of the dispute, pumping blood through its arteries from his union's tower block high over Sheffield, Yorkshire. A king to his supporters, a demon king to the public at large, he has become a British political fact with which all sections of the body politic have to deal.

Partly as a result of the "ends, not means" tactics of the NUM leadership, the union has split a substantial minority in Nottinghamshire, Staffordshire, Leicestershire, South Derbyshire, Lancashire and even (a few) in Scotland are back at work. The 600,000 to 700,000 tonnes of coal a week produced from the English Midlands areas has kept, and will keep, the lights on for the foreseeable future.



MacGregor: seeking a new type of industry

The split is a momentous one, the full effect of which will take time to work through. It has produced a new leadership in Nottinghamshire, ambitiously dedicated to winning the national union "back from the left" or at least cordoning off the Nottinghamshire area from the rest. Throughout the Midlands, rank and file union members appear, in the main, to have sided with the working miners.

There are those in the Labour movement – like Mr Eric Hammond, the electricians' leader – who fear that this split will be reproduced throughout the country. They fear that the support for the strike by the Labour Party and the Trades Union Congress (TUC) will have alienated a substantial proportion of the rank and file for a very long time to come – just when it appeared they were being brought back to the Labour fold. That, too, will take time to become apparent; but if they are right, the damage has already been done.

The radicalism of the NUM leadership is not a response to, but has been matched by, the radicalism of the NCB under Mr Ian MacGregor, its chairman (since last September). Mr MacGregor, a Scots emigré to the U.S. who deployed the Presbyterian virtues of hard work and great practical intellect to develop a dazzling business career, took over the board determined to change it. Like Mr Scargill, he meant what he said.

He insisted it was a business; pointed out that the taxpayer was getting a raw deal from the £1bn-plus spent on the industry each year; stripped the board of most of its once-dominant mining engineers and brought in a majority of part-time businessmen; and, with a mixture of geniality, flat-footedness and sheer bad luck, managed to rub up almost everyone in the industry the wrong way.

Yet his achievements may prove to be long lasting. Mr MacGregor was aiming for a new type of industry, oriented to the market and less concerned with cumbersome consultative arrangements. His appointment, and the appointments he made, clearly broke with the pattern established more powerfully at the NCB than in other public bodies – of a centrist, non-partisan chairman acceptable to both major political parties. Mr MacGregor could not survive the passing of the Thatcher Government, even if his age (he is 72) allowed him to.

The strains engendered by this approach are now evident. Mr MacGregor's aim, to achieve an industry less burdensome on the taxpayers, is not in dispute – but his style, public performance and isolation within the board is. The NCB, essentially, has responded to the MacGregor approach by saying: we do not do things that way here. But his successor will not be able to return to the old ways, either.

It has been within the inner councils of Government, union and board that the strategies have been laid and the primary decisions taken. It has been on the streets, picket lines, steel and power plants, courts, jails and meeting halls where the effects have been played out.

Mass and mobile picketing – that treacherous lesson learned by Mr Scargill at the Saltley Gates coke depot in 1972 – has been deployed on a scale never before in Britain. The response of the police has been to act as an essentially national force, wedging officers from Devon, London and Cumbria between Nottinghamshire miners and their Yorkshire comrades turned foes.

The pickets have been uninhibited in their use of force against working miners, on and off the picket lines. The police have not been soft in their reactions. Violence between miner and miner is not new. That most famous song about miners, now much revived, is "The Blackleg Miner," which celebrates the technique, used in the North-east in the 19th century, to stretch a rope across the road in the dark "To catch the throat an' break the spine/Of the dorty blackleg miner."

Less televisual than the picketing but much more surprising has been the rush of court cases taken against the NUM – mainly by its own members. In almost every area, legal actions by members against the NUM, usually for breach of contract, have either been taken, are in train or are under consideration.

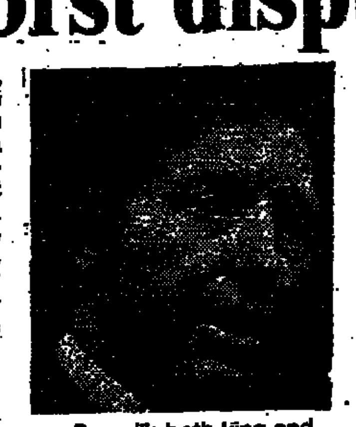
The number and scale of the legal action has no parallel in union history; it is the more surprising when it is remembered just how loyalist NUM members traditionally are.

These actions have delighted, above all, Government ministers and Conservative MPs. They see working miners, oppressed by an authoritarian left-wing union leadership, turning to the law in a revolt from below. There is substantial reality in this view, as anyone who has spoken to working miners will testify. But they have been greatly aided by the board and private business interests and now constitute a sophisticated pressure group.

One major "effect" of the miners' strike is its lack of effect. What other dispute has dominated the front pages of newspapers for so long with so little inconvenience being suffered by the public outside of the mining areas? The main reason for that has been the lengths to which the Government has been prepared to go to secure power supply and steelmaking – and the surprising flexibility of the power supply system.

Huge convoys of trucks have taken over from train drivers who refuse to cross picket lines in hauling coal into steel and power plants. This has meant uncounted numbers of Transport and General Workers' Union drivers crossing picket lines in direct contravention to their union's instructions.

The Central Electricity Generating Board (CEGB) has some 34,000 MW of coal-fired capacity, from a total capacity of just over 51,000 MW (on March 31, 1984) – a proportion in favour of coal of nearly 70 per cent. Now, by maximising the use of oil-fired capacity, the CEGB has been able to reduce the proportion of power supplied by coal to 50 per cent, or only 30 per cent of the base load. It is expensive, but it probably means the coal stocks will last through the winter.



Scargill: both king and demon king

All of this has placed huge strains on the Labour Party and the TUC. Yesterday's Mori opinion poll showing the Government with a nine-point lead over Labour is widely seen as deriving from the unpopular linking in the public mind of Labour with the striking miners.

Both the Labour Party and the unions have had their eyes firmly on the rear view mirror. There, they see the miners deserted by the TUC after the general strike in 1926, left alone to be starved back to work on terms worse than those available when the strike began. This guilty retrospect, together with widespread sympathy and on the left, agreement with Mr Scargill's aims, means that the Labour movement has up to now been frozen in a posture of support for the NUM.

It has meant, for the movement, that the trend towards a more centrist stance has been stillborn. The NUM has pulled the TUC general council (though not, by and large, the Congress) and the party conference to the left and given its critics endless sticks with which to beat it.

An overt splitting in the ranks had been avoided, although some unions – the electricians, power engineers and steelworkers – refused to promise support. If, over the next few weeks, the NUM demands the "total support" it has been promised, then the strains could surface in a serious way.

The comments yesterday by Mr Jack Eccles, the TUC's centre-right chairman, that the NUM should now compromise to get a settlement is a sign that the impatience felt by most senior leaders may soon exercise real pressure on the NUM.

Finally, the miners' dispute has become absorbed into the British way of life, almost in the same way as a long-running and lurid television saga. (After all, most people's experience of the miners' strike is a TV series).

More seriously, it has become a litmus test on a range of issues – the use of violence; the role of the police; union democracy; the politics of the judiciary; the growth of unemployment; the protection of communities; the state of the Labour movement; the very governance of the country itself.

In its 12 months of existence, the dispute has grown from a "sideshow on the other side of town," as Mr MacGregor dismissed it in the first month, to the only show in town.

Hard facts behind the stoppage

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CLAIMS, ASSERTIONS and charges have characterised the year-long industrial action in the miners' dispute, with all sides challenging the statements, interpretations, views and opinions of the others.

Behind all this there is a relatively solid layer of fact about what has happened. Inevitably, in a dispute of this length, complexity and importance, some of these are questioned by parties involved in the dispute, but the latest information in key areas of the dispute is as follows:

Miners: About 130,000 workers are now on strike and have been throughout the stoppage. About 50,000 are continuing to work, although according to the National Coal Board (NCB) the figure is 70,076 when staff other than members of the National Union of Mineworkers (NUM) are taken into account.

On NCB figures, the much vaunted drift back to work totals about 5,800 workers after 33 weeks of strike action. The miners have lost £587m in wages since industrial action began a year ago, including £502m since the start of strikes in March.

Highest-paid coalface workers in the industry on average lost more than £210 in wages in the 19 weeks of the overtime ban, and more than £5,900 in the strikes, making a total loss of earnings so far of more than £6,100.

NCB: The board has lost 55.5m tonnes of coal production since industrial action began, including 8.2m tonnes during the overtime ban. It is estimated that additional losses arising from the dispute are presently excess of £700m.

NUM: The miners' union has lost an unknown amount of money paid out to prosecute the dispute. Figures could become clearer when the sequestrators appointed to trace the NUM's assets report back to the High Court.

Government: Internal Treasury estimates of the cost of the dispute so far to the Government, apart from the NCB's losses, are thought to be about £850m in Public Sector Borrowing requirement (PSBR) terms. This is likely to rise to £1.2bn – £1.3bn by the end of the year, and £1.8bn to £2bn the end of the financial year.

Some City of London estimates are much higher than this, running at about £85m per week, which would make costs now of more than £2.1bn.

Costs include over £21m so far paid out to miners in social security benefits during the dispute and British rail (BR) costs running at about £140m. BR is running about 40 coal trains a day instead of the normal 300, because of sympathetic industrial action by railwaymen (each train carries 1,000 tonnes of coal), and is sending home about 120 staff every day for refusing to work coal trains.

Police: Police chiefs have made more than 1m deployments of officers during the dispute. The National Reporting Centre at Scotland Yard has deployed 973,153 officers under mutual aid provisions to work outside the areas of their own forces. No figures are available for deployments in individual areas. The Home Office says that the maximum number of police deployed at any one time has been 8,000.

Courts: Aside from the civil actions brought during the dispute, many criminal charges have been laid.

Police have made 7,428 arrests, including 3,190 on charges of breach of the peace, 1,511 on obstructing the police, 691 on criminal damage, 582 on obstructing the highway and 499 on unlawful assembly.

Police claim that there have been 954 slight injuries to police officers and 66 serious injuries. Self-confessed as much less reliable police figures on injuries to pickets are 258 minor and 39 serious injuries.

Charges brought in the dispute have totalled 8,020 – more than the arrests because some people have faced more than one charge.

Marconi wins £40m Royal Navy contract

By Lynton McLain

MARCONI DEFENCE Systems has won an order worth more than £40m from the Ministry of Defence for the supply of satellite communications terminals for the Royal Navy.

The fixed-price contract is for the satellite communications division of the company, part of the GEC group, based at Stanmore, Middlesex. The contract calls for the supply of 19 sets of "enhanced shipborne communications terminals."

The equipment will be installed on frigates of the Royal Navy, with the first delivery in two years. Further orders for a total of between 40 and 45 sets of satellite terminals are likely in the future. The terminals would eventually be fitted to all Royal Navy ships of frigate size

Enhanced shipborne communications terminals, known as Scot, can be used with all present and planned U.S., Nato and UK military communications satellites.

Marconi Defence Systems has also announced a £3.5m contract from the Ministry of Defence for a satellite communications earth terminal. It is to be installed in the Shetland Isles, at Saxa Vord, as part of the UK Air Defence Ground Environment programme, to upgrade the national air defence network. The work is partly funded by Nato and is to be operated by the Royal Air Force.

Medical watch on flight recorders

BY DAVID FISHLOCK, SCIENCE CORRESPONDENT

BRITAIN'S Royal Air Force wants to use artificial intelligence to analyse the performance of the black boxes in its aircraft, and report on their health and well-being as if they were organs in a person undergoing medical examination.

This was disclosed by a former senior RAF officer, now a Marconi executive, at a private demonstration of Marconi's technical capability at London's Heathrow airport yesterday.

Another company executive predicted that these "medical" roles for expert systems – computers that think – would help to build up the confidence of the armed forces in the eventual use of such system for battle management.

Dr Derek Roberts, GEC's technical director, likened the proposed RAF use to similar developments in medicine where the expert systems was helping the doctor's examination by pointing out unusual relationships between symptoms in different parts of the body, which the doctor might fail to notice.

Dr Roberts was a key figure in the formation of the Alvey programme of tripartite collaboration between industry, universities and government to develop expert systems and artificial intelligence.

Mr James Prior, the new GEC chairman, introducing the three-day symposium and exhibition, said Marconi was "the biggest and fastest-growing area of GEC business."

It had made a vast investment in technological leadership and was spending more than £300m a year in basic research, applied research and product development.

The main thrust of Marconi's presentation was command support systems.

Air Commodore Peter Peacock, former director of command, control and management systems at the Ministry of Defence, who joined Marconi's subsidiary, Easams, earlier this year as a consultant, said the technique was so powerful it was no longer seen as an exclusively military preserve.

Its importance was being recognised "wherever the management of scarce resources is of prime importance."

UK NEWS

Austin Rover's workers appear split over strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DIVISIONS among Austin Rover's 28,000 manual workers over a pay strike recommended from next Monday were beginning to become apparent last night.

Management at the volume car division of state-owned BL, which so often has managed to turn the shopfloor against the union leadership, was stepping up the pressure yesterday and urging workers to press for a secret ballot.

The company said in a leaflet distributed in all its factories: "Don't allow yourself to be led into a strike which will have the gravest consequences for you and your job."

Workers who voted overwhelmingly last week to reject the company's two-year pay deal will be urged at mass meetings tomorrow and on Friday to strike in protest at what union negotiators describe as a totally unacceptable improved offer.

Both Austin Rover and union leaders, however, recognise the balance could be very different. It is one thing to support action during the course of negotiations but quite another when the company has declared its "final" offer.

Austin Rover says its offer of a 5.1 per cent increase, plus consolidation of bonus, in each of the next two years will give the typical production worker a rise in basic pay of £22.70 to £139 a week.

In the reaction to the offer there is an obvious division between plants such as Longbridge, Birmingham, where workers earn a £25 a week bonus under the productivity-related incentive scheme, and factories like the Cowley assembly plant at Oxford, where they earn a bonus of only a few pounds.

Those on high bonus have more to lose from industrial action – a factor which influenced smaller plants, like Swindon in southern England (2,700 workers), Llanelli in Wales (1,100) and Drews Lane, Birmingham (1,500) to insist at last week's mass meetings that they should be given another chance to vote on the company's offer.

Cowley's body plant (4,300 workers) and assembly plant (5,300) are expected to give a clear lead for strike action when they vote tomorrow. The smaller plants voting on the same day are expected to cloud the issue, focusing all attention upon Longbridge (11,000) where a mass meeting is scheduled for Friday.

The company, with its persistent emphasis on the need for a secret ballot, must be fairly confident that it has pitched its offer at a level sufficient to expose the divisions and head off unified opposition.

One group of Austin Rover workers – about 1,400 members of the electricians' union EEPTU – is likely to hold a secret ballot over the strike call. Mr Bill Fitzpatrick, Birmingham area secretary of the union, said his national executive had already indicated it would abide by the 1984 Trade Union Act requiring a ballot before a strike.

In a separate dispute at Jaguar, the former luxury car division of BL which was recently privatised, talks were taking place last night in an attempt to avert a threatened pay strike by 7,000 workers which is due to start tomorrow.

Union leaders are demanding an immediate £25 a week rise, while the company has offered the same amount spread over two years. Jaguar has claimed that its offer would make its employees the highest-paid car workers in Britain.

Crime wave forces up costs of protection

BY ERIC SHORT

INSURANCE COMPANIES in the UK have been trying to grapple with the problems caused by the mounting crime wave in the UK, particularly crime in the inner city areas.

Statistics issued regularly by the British Insurance Association show payments by insurance companies on theft claims have soared in the past decade, particularly on thefts from homes. Yet until recently the insurance companies were reluctant to make the necessary premium rate increases to cover these rising losses.

The net result is that underwriting losses on their contents accounts – the excess of claims payments and expenses over premiums – have risen steadily. Indeed in many inner city areas claim payments on contents insurance, the majority being theft claims, are more than three times the amount of premium received.

No insurance company can operate under conditions of rising losses for ever, particularly as contents insurance generates very little investment income compared with other classes of insurance.

So at last the companies are facing up to reality and some quite large premium increases are coming through, or are already in force.

Even so, Monday's announcement by the Prudential Assurance – the largest contents insurer in the UK with about 3m policyholders – of its new premium rates applicable in the new year came as a shock.

Mr Brian Corby, Pru's chief executive, warned of drastic action being taken on contents rates when he disclosed the heavy underwriting losses incurred on the domestic property account at the interim stage, but it was expected that the Pru would take note of competition instead of leading the field in rate revision.

Until now the Pru has been one of those companies reluctant to face up to the realities of the situation. Its premium rates for inner cities were among the cheapest in the market. Not surprisingly it obtained a lot of business from city dwellers and its underwriting losses soared to unacceptable proportions.

Now the Pru has made a complete rating revision based on postcodes. It is determined that people living in high risk areas will pay the appropriate premium for the contents risk in future. In doing so the company has taken some revolutionary steps not seen before on the UK contents sector.

First of all, it has divided the country into eight rating areas and graded premium accordingly. Other insurance companies still tend to operate on five rating areas.

All other major insurance companies put large parts of London in an area classification by itself and charge this area the highest premium rates. The Pru has found that the inner cities areas of Glasgow, Liverpool and Manchester are as high a risk as inner London, so it has included these cities with London in the top area rating.

The Pru's rating structure varies from £3 per £1,000 of cover in the lowest risk areas to £15 per £1,000 in these highest inner city areas, the rates applying to Pru's new-for-old cover which values lost items at current prices.

The Pru's £15 per £1,000 cover for London is slightly higher than that charged by other insurance companies and is double the current rate. It is by far the highest rate for the other inner cities where the new rate is twice that charged by competitors.

The bad news for inner city dwellers does not stop there. Those in the top rating district will in the new year have to meet the first £200 of any theft claim. The imposition of an excess, the name for policyholders paying the first part of a claim, is quite common in motor insurance but still rare in contents insurance. No company has gone anywhere near as high as £200.

Insurance companies have only recently started charged £100 excesses on motor insurance.

The object of excesses is to discourage policyholders from making small claims. The Pru states that if it had not imposed this excess premiums in it top rated area would have needed to be twice the new rate in order to meet the claims.

The main problem with the current crime wave is not the professional burglar who knows what he is doing, but the amateur who gains entry, picks up what he can in a few minutes, and gets out.

The final blow to Pru policyholders is that the company has increased the minimum level of cover from £12,000 to £13,000 to reflect the rise in value of contents in people's homes.

This means householders living in London, Glasgow, Liverpool or Manchester will have to pay a minimum premium of £195 for their new-for-old contents insurance.

For many householders, particularly the elderly living on the state pension, this puts insurance of their contents effectively beyond their purse, yet the Pru claims that it is not deliberately creating no-go areas for contents insurance.

Nevertheless, this is almost certain to be the practical effect of their action unless other insurance companies also charge such high rates and impose excesses. There are no signs of the others being prepared to follow the Pru all the way.

Indeed, the only advice the Pru can give these householders is to take out less comprehensive contents cover.

UK NEWS

Tarmac seeks U.S. expansion with $79m acquisition

BY ALEXANDER NICOLL

TARMAC, the British quarrying and construction group, plans a substantial expansion of its U.S. operations through the acquisition for U.S.$79m of quarries and concrete-making interests in Florida.

The purchase, from Lone Star Industries, a leading U.S. cement producer, is subject to clearance by the Federal Trade Commission. Tarmac yesterday conditionally placed 14.3m new shares, 10 per cent of its existing capital, at 460p each to finance the deal.

Tarmac has grown repidly over the past five years under the leadership of Mr Eric Pountain, its chairman. *It has been consistently* acquisitive, but the Florida deal is by far its largest.

The assets being sold by Lone Star – as part of a "repositioning programme" and to reduce debt – *include a large quarry near Miami* and ready-mix and concrete block-making plants stretching throughout eastern Florida.

Tarmac, which has been steadily building up concrete interests in Western Florida, has long been looking for a source of stone to back them. "It has been our view that we ought to integrate back into quarrying when the opportunity presented itself," Mr Graeme Odgers, a Tarmac group managing director, said yesterday.

The Pennsuco quarry being acquired produces about 6m tonnes a year, roughly 10 per cent of Florida's total output. Tarmac is also buying three smaller quarries in the Florida Keys region with combined output of 500,000 tons.

With a source of stone assured, Tarmac is also buying 33 ready-mix concrete plants to add to its existing 12, and nine concrete block plants to add to the four it has.

Mr Odgers estimated that Tarmac would have 10 per cent of Florida's ready-mix market and a smaller proportion for concrete blocks.

Tarmac has also been building up *similar businesses in Texas*, where it first acquired an interest through the £40m purchase of Hoveringham *of the UK three years ago.*

Of Tarmac's total turnover – £1.2bn ($1.44bn) in 1983 – about *£60m is now accounted for by the* Florida and Texas operations. The new acquisitions will add over £80m *to that, Mr Odgers said*, and will not dilute earnings per share.

Tarmac's share price recovered from lows seen immediately after the news to close at 478p, down 12p. The new Tarmac shares were placed with a range of financial institutions by merchant bankers Robert Fleming in conjunction with stockbrokers Cazenove and Rowe & Pitman.

Britain prepares for new VAT system on imports

Taxing time at the ports

BY ANDREW TAYLOR

TOMORROW Britain switches to a new system for charging VAT on imports. Shipping agents, airfreight forwarders, transport companies and port authorities have given a warning of inevitable delays and confusion when the new rules are introduced.

They claim that trade in some ports and airports could even be brought to a standstill if importers do not make adequate arrangements to meet new deadlines for paying VAT bills.

Freight agents say the chaos could last until the new year as traders try to come to grips with new regulations and procedures. But how realistic are these fears? And why, if it is going to cause disruption *and discontent, should the* Government want to change VAT collection rules?

By *changing* the rules, Mr Nigel Lawson, Chancellor of the Exchquer, will achieve a once-only gain for the Exchequer of £1.2bn in the current financial year. To back out now would mean that he would have to find even deeper spending cuts.

The new procedures, which will bring Britain into line with existing practice in other EEC countries, will also remove some of the cash flow advantage which importers have held over domestic manufacturers, which have to account for VAT as soon as goods are purchased.

At the moment importers do not have to account for VAT until up to 11 weeks after goods have come into the country. From next Thursday, however, imports will not be cleared by customs unless VAT is paid immediately or there is a pre-arranged agreement to defer payment until the fifteenth day of the month after importation.

To gain a deferment, importers will need to provide bank guarantees to Customs. This will hit cash flows and push up costs.

The bulk of importers are expected to comply with the new regulations, but port authorities fear that *goods belonging to some smaller* companies will still arrive on the quayside or at airports without any *arrangements having been made.*

Mr Peter Jones, operations manager for airfreight forwarders, Atlasair, says: "If that happens Customs will hold the goods until the VAT is accounted for. If Customs areas become clogged, trade may have to be halted until the backlog is cleared."

The Port of Dover and Heathrow Airport appear most at risk. Both are extremely busy and operating to the limits of their capacity.

"The difficulty is that we will not know the extent of the problem until goods start arriving. Previous experience suggests that there will be a number of importers which have failed to realise the significance of the rule changes," says Mr Jones.

Importers fear a repeat of the delay and confusion which followed the Republic of Ireland's decision to switch its VAT accounting system in September, 1982. Teething problems at the Port of Dublin lasted for several months.

A spokesman at the Dublin Customs office said: "I think the impact has been exaggerated by importers, but delays of around two or three days did occur and affected even goods where correct procedures had been obeyed.

"It took a couple of months for people to get used to the system which is now working normally – although people still do not like having to finance guarantees in order to defer payments."

In Britain, Customs officials are insisting that importers seeking to defer payments will need bank guarantees equivalent to twice the monthly VAT liability they wish to cover.

This means that freight forwarders seeking to cover a monthly VAT bill of £1m will have to arrange guarantees worth £2m. Most freight forwarders say they cannot afford to take this risk on behalf of all their customers.

Atlasair, for example, has obtained guarantees worth around £2.5m per month compared with an average monthly VAT bill for all its customers expected to be around £4m. Clients using Atlasair's facilities will have to pay extra.

Smaller freight agents operating from tiny dockside offices with no major assets are less well placed to arrange substantial guarantees. They have been urging customers to make their own arrangements.

Harrods, the prestigious London store, has already made arrangements to cover a monthly VAT bill of £150,000 – more than it needs, but sufficient to cover any emergency.

A spokesman for the company's import section says the store will be able to recover VAT payments in the normal course of trading but will still have to meet extra costs while VAT claims are processed.

"The store has taken on an extra member of staff and acquired a computer for about £8,000 (plus the extra costs of software and servicing) to cope with the increased complexities of the new VAT accounting procedures," said the spokesman.

Other businesses are also concerned about the impact of the new regulations may have on cash flows. Johnson Matthey's gold and silver bullion and refining interests estimate that a three-week delay between payment of VAT and recovering the money could cost the company £2m a year extra in finance charges.

About 27,000 companies have applied to Customs for deferments (compared with about 55,000 registered importers in Britain).

Scotland gets 'top productivity' from overseas companies

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SCOTLAND is both increasingly *dependent on foreign companies* and getting more productivity out of them, according to recent findings.

*Studies published by the Depart*ment of Industry in Scotland and the Scottish Development Agency (SDA) show the particular *success* of U.S. companies who have been the backbone of the growing mic*roelectronics sector in Scotland.*

The figures have also been published at a time when the Government is reviewing both the industrial aid to the regions – one of the tools to encourage inward investment – and examining the separate promotion of Scotland.

There is some concern within the SDA and the Scottish Office that Scotland might lose the momentum it has in industrial promotion overseas if its ability to influence foreign investment is curtailed.

The statistical bulletin of the Department of Industry in Scotland showed that overseas-owned manufacturing companies accounted for 19 per cent of gross output in total manufacturing in Scotland in 1981, an increase from 17 per cent in 1977.

In terms of the proportion of net capital expenditure, employment and gross value added, foreign companies were more important to Scotland than for the UK as a *whole. The U.S. with 71 per cent of* total employment was by far the most important overseas owner.

The figures for 1981 showed that there were 2,765 foreign-owned companies in Scotland out of a total of 14,571. *Net capital expenditure* in manufacturing that year in Scotland amounted to £617.3m, of which *37 per cent came from foreign com*panies. The equivalent comparison for the UK was 26 per cent.

More than 17 per cent of the employment in Scotland (81,457 jobs) was in foreign companies. In the UK as a whole 14.9 per cent or 858,127 jobs were with overseas companies.

Productivity in 1981 in overseas-owned companies in Scotland exceeded those in the UK as a whole, as well as UK companies in Scotland and domestically-owned companies throughout the UK, according to the figures.

According to the SDA, foreign companies account for 40 per cent of the 200 plants and 90 per cent of the 40,000 jobs in electronics. A report commissioned by the agency from the Edinburgh economic consultants Peida, and published this week, showed that four out of five U.S. plants had not experienced any *strikes since 1979.*

TECHNOLOGY

EDITED BY ALAN CANE

INFORMATION FLOW IN THE FACTORY

How to feed data to a monster machine tool

BY PETER MARSH

ENGINEERS at NEI Parsons, the manufacturers of turbine generators for power stations, believe they have cracked the problem of how to channel data to one of the world's biggest machine tools.

The work is part of a £35m project to bring computerised manufacturing techniques to the complex business of turning out heavy engineering machinery.

The machine tool in question is really a pair of giant cutting devices, slung from gantries some 15 metres high that dwarf the other manufacturing hardware at NEI Parson's factory in Newcastle upon Tyne.

The metal parts that the gantry tools shape may weigh up to 100 tonnes and take up the area of a small bungalow. It is more convenient to take the tools to the components rather than (as is normal in engineering plants) the other way around.

That is why the gantry devices move on rails to hover over five separate work stations on which engineers have previously installed the parts to be machined. With the components so placed, the cutting tools gouge away metal for up to a couple of weeks at a time in a series of delicate operations controlled by a computer.

Adjacent to the giant machine tool are racks lined with some 3,000 different cutting mechanisms that are inserted into the hardware for specific operations such as milling, boring or drilling.

The shaping procedures with the new hardware replace a series of operations previously done with about 15 separate machine tools, between which shop-floor workers had to transport metal parts in varying stages of completion in a laborious and time-consuming process.

To enable technicians to control still more closely the gantry machine, which was built by Waldrich Coburg of West Germany and installed last year at a cost of £5m, an engineering team at NEI Parsons has devised a system to channel data to the device from a central computer that contains information about other processes in the plant.

It is all part of a drive that started five years ago to bring to the factory computerised manufacturing techniques. According to Mike Short, production development director, the programme has so far cost £35m, half of which has been spent on computerised tools and the rest on support hardware such as computer-aided draughting hardware.

"If you don't get into CAM (computer-aided manufacture), you're dead," sums up Mr Short. He says that the techniques provide a range of benefits—such as better quality control, reduced lead times for new products and reduced unit costs—that are vital if companies in the heavy-engineering business are to win orders from overseas competitors.

The giant gantry machine is among about 40 of the 750 machine tools in the Newcastle factory that are controlled by their own computers. In the conventional procedure, technicians work out the instructions to drive the machines and code them as a series of holes on paper tape. The tapes are then inserted in a separate process into the computers that operate each machine.

But according to Mr Short, this element of control is not enough. Having spent millions of pounds on new production mechanisms, a company will find its investment optimised only if the equipment is cutting virtually continuously.

"You have to ensure that the machines are all the time receiving the right tools, the right information and the right components. If they are not, you are losing money," says Mr Short.

That is why it becomes important to connect each manufacturing machine to a computer that co-ordinates the complete operation, in much the same way as the conductor of an orchestra knits together the talents of a number of individual musicians.

The central computer must contain a wealth of information about not only the capabilities of each of the tools but the types of cutting that a specific component requires and the mix of processes needed to complete an order for a finished turbine generator.

"You have got to rip out of the process planners' heads the information about what they do and use this as the driver of the whole project," explains Mr Short.

This strategy to connect up machines by data networks is by no means new. But to implement such a plan takes a huge amount of planning. This is particularly so for a company which makes horrendously complex products like turbine generators.

Each generator contains up to 60,000 parts, ranging from the tiny blades for the moving turbines to the huge castings that form the shells of the products. In a typical year, Parsons would expect to sell about five turbine generators (which range in power output from 3 MW to 1,000 MW) for anything up to £35m each.

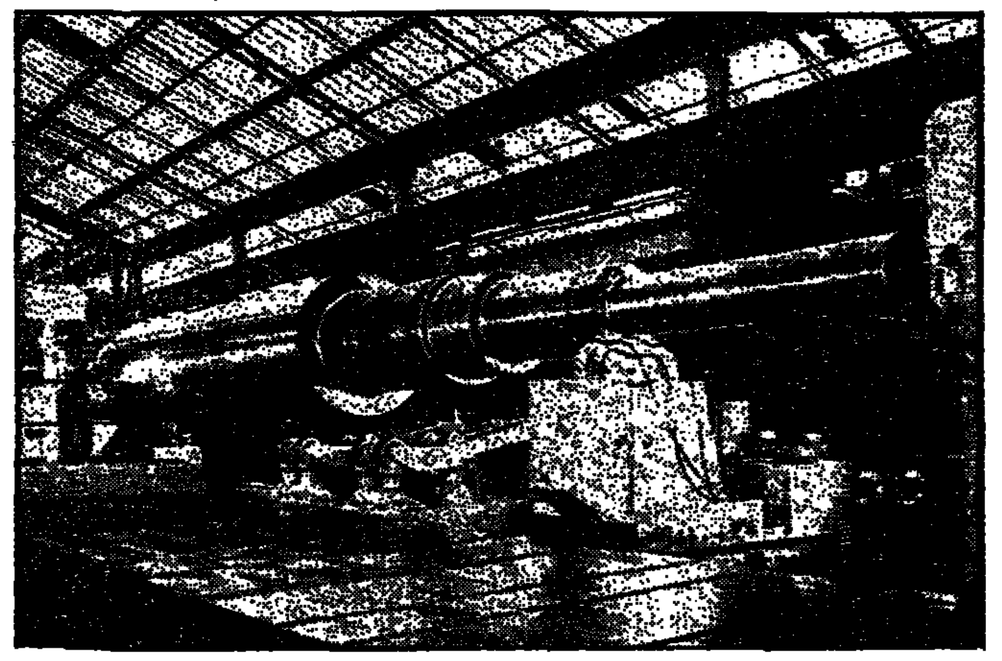
The project to connect a central computer to the giant Waldrich Coburg machine is part of a pilot scheme to link in such a system to a total of five machine tools. Leading the design effort on the programme is Peter Couchman, who is formally employed by Newcastle Polytechnic but has been seconded to NEI as part of a teaching-company scheme.

The programme has a cosmopolitan flavour. The other four machines are two vertical lathes made by Schniess of West Germany, a horizontal borer made by Pegard of Belgium and one British drilling machines, produced by Wadkin. Of the five machine tools, three have computer controls supplied from the West German company Siemens. The controls on the other two are made by General Electric (U.S.) and Kongsberg (Norway).

To provide an interface between the different machines and the central computer, NEI Parsons has turned to hardware made by Practicon of Stoke-on-Trent and sold by Tangram, based in Daventry.

Engineers are to instal a series of Practicon "black boxes," known as interface terminals and costing about £10,000 each, between the tools and the computer. Software in the boxes acts as an interpreter for the signals sent between the different pieces of hardware.

Mr Couchman is among a group of some 25 engineers who work on the overall programme of computerisation. In other projects, engineers are working on computer-aided design of new products, computerised inspection and methods to channel data from non-computerised machines on the shop floor.



Giant Waldrich lathe in action at NEI Parsons' Newcastle plant

THE NEWCASTLE-based NEI group has formed a total of seven teaching-company partnerships, the first of which started in 1980. In these projects, academic institutions join forces with manufacturing companies to tackle specific projects in production engineering.

Engineers known as teaching-company associates are employed by the academic institution to do the work. The salaries of these people are generally paid by grants from the Science and Engineering Research Council and the Department of Trade and Industry. (In NEI's case, it is contributing 50 per cent of the salaries in the schemes that started after 1980.)

Teaching company projects have two aims other than to help a company in a particular engineering problem: to train engineering graduates in the commercial aspects of working for companies and to foster links between education establishments and industry.

A total of five graduates have worked in the teaching-company partnerships in NEI Parsons. Of these, three now have (or are about to take up) full-time jobs with the company. A further engineer, Peter Couchman, is still working on the programme and may take up a salaried post later.

Mr Couchman and Paul Scotson, another engineer employed on the programme, both worked in short spells in industry after finishing degree courses, at Cambridge University and Sheffield Polytechnic respectively. They say they were attracted to a teaching company scheme because it meant they could bring analytical skills learned in academia to a commercial project.

Both men are near the end of two-year projects. Mr Couchman has designed hardware to link up machine tools to a central computer. Mr Scotson's task has been to work out how to feed into the computer information about other processes in the factory. At the end of the scheme, the engineers will collect further academic qualifications from Newcastle Polytechnic, the institution that has sponsored them during the partnership.

Frank Peacock, training manager at NEI Parsons, says the teaching company concept has given the company a chance to accelerate the development of specific technologies. Engineers working on the programme—unlike the company's full-time staff of technical workers who may be called on to help in day-to-day running of the factory—can give a specific engineering problem their undivided attention.

Dr Geoff Needham, head of the engineering faculty at Newcastle Polytechnic, says his involvement in the scheme has helped his appreciation of the range of skills needed to implement complex manufacturing systems. This knowledge, he suggests, can be put to good use in the way the polytechnic structures its courses in production engineering.

Although companies in the NEI group were initially unsure about the benefits of teaching companies, they are now queueing up to apply to start such schemes, according to Philip Warner, NEI's director of corporate engineering. In some cases, the partnerships have given the companies a convenient way to find new employees—several of the graduates employed through the seven schemes have stayed with the companies after the projects ended.

The schemes have also improved on NEI's links with local universities and polytechnics, says Mr Warner. He concedes that the fact that the Government pays a large proportion (sometimes all) of the graduates' salaries has acted as a financial carrot. But the NEI companies also have to pay costs that are difficult to quantify for aspects of the programme such as training and new equipment.

Each of the schemes have employed up to five graduates, each for spells of two years. The other NEI companies that have had teaching-company schemes are Reyrolle (which makes switchgear), Nuclear Systems, Peebles (electrical machines), Cranes, Mining Equipment and International Combustion.

Biotechnology

Preserving with silicone

BAYER, THE chemicals giant, has developed a process for filling cells of biological specimens with silicone. It calls the process "plastination" and claims several advantages over conventional preservation in alcohol or fomaldehyde.

Plastinated specimens are long lasting, anatomically true to shape and can be handled. As the cells are said to retain their original structure, histological examinations should be possible for several decades.

The process is suitable for individual organs such as the heart, liver and brain, but it can also be used for entire animals or plants.

The tissue is treated with preservatives then dehydrated and degreased with low-boiling solvents. The specimen is then immersed in a silicone formulation whose solvent is evaporated in a vacuum. All the cells fill with silicone during their process.

More from Bayer in the UK on 0635 39522.

Terminal

Viewdata monitor

SONY IS introducing a second generation viewdata terminal which will combine the capabilities of a sophisticated video monitor with viewdata.

It has a 28 page memory including 14 pages of non-volatile storage allowing frequently used message frames and formats to be retained for future use.

Input signals from video disc players, video tape recorders, television tuners and microcomputers can be accepted.

The terminal can output to a colour printer, projector or external monitor; it can also control external devices such as video disc players, on-line printers or an external computer.

Sony believes its new terminal has potential in the motor distribution, retail, education and training, banking and real estate.

More on Staines 61688.

Computers

Pyramid selling

PYRAMID TECHNOLOGY, a U.S. company which builds a UNIX-based supermini (32-bit) minicomputers, has added a new intermediate data storage unit and a floating point unit which can double the performance of its machine.

The supermini is called the 90x; according to Pyramid, fitted with the additional units, it has significantly better performance at less than half the price than a DEC VAX 11/785, a reference point for supermini comparisons.

The storage unit, or data cache, costs £12,000; the floating point unit costs about £8,000.

According to Pyramid, it is the first supermini manufacturer to adopt the IEEE-754 standard for floating point representation. More from Pyramid in the UK on 0990 23377.

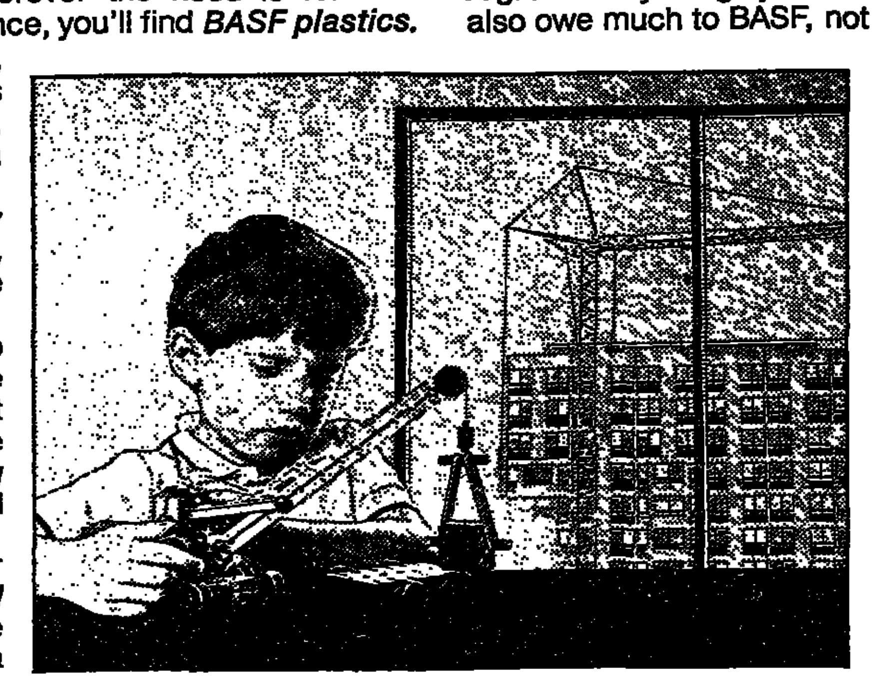
Education

Venture in video discs

ACORN VIDEO is a new subsidiary of Acorn Computer set up to sell interactive videodisc systems. The company has spent more than two years developing its interactive system which links a home computer to a laser videodisc player.

Applications are likely in computer aided training and education. Other markets could be in mass storage of images for sales catalogues, brochures, or document archives.

The company is to sell two versions of its units one for organisations wishing to create their own material and one for users. Equipment will cost between £3,000 and £4,000. More details from Acorn Video in Taplow, Berks.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Daewoo

Turning point for a South Korean giant

Ann Charters on the group's aim to shift from 'biggest to best'

ENTERING chairman Kim Woo-Chong's *private office*, the question immediately arises as to where the awards and export trophies will go next. They have *already overtaken one wall and* space is at a premium.

Half the room is consumed by a mammoth conference table that seats 19. *Another quadrant* is designated for smaller gatherings of eight seated in overstuffed chairs around a circular table.

A predatory wooden Korean bear about to devour a salmon nearly his size and a carved tiger stalk chairman Kim's desk which occupies the only remaining space in the room.

The office is the quintessence of the 47-year-old entrepreneurial chairman of Daewoo, one of South Korea's fastest growing conglomerates which was founded 16 years ago. Its sales last year topped $4bn on which it earned $45m.

Now Kim sees Daewoo, whose interests range from textiles to heavy engineering — as having arrived at a stage of transition. He describes the current focus of his companies as "shifting from proving that Korea can build the biggest, to showing the world it can produce the best."

Part of the group's strategy is to reduce its reliance on textiles (it produces, among other things, 3.6m shirts a month at its Pusan factory, the largest of its kind in the world and where 8,000 are employed). It recently divested two textile companies *that had helped* spawn the group's growth, the move being taken in part to comply with strong government pressure to let well-established small and medium-sized companies spin off and operate independently. Other group companies are to *follow as Daewoo narrows its* sights on fewer industries.

One of the industries important to Daewoo's future is *shipbuilding. Unlike its entry* into textiles, Daewoo had to be pushed into shipbuilding. Chairman Kim says it typifies *the Korean way of doing business.* "The Government tells you it's your duty and you have to do it even if there's no profit. Maybe, after the year 2000, *Korean businessmen will* be able to put their companies' interests ahead of those of society or Government."

Turning duty to advantage, as the newcomer to the industry, Daewoo's Okpo shipyard boasts the world's biggest dock and *largest* 900-ton *Goliath* crane. Opening its 1.2m-ton-capacity yard in 1980 when the shipping market was heading into a severe slump, *Daewoo* Shipbuilding and Heavy Machinery has priced aggressively to land orders for new vessels while diversifying into offshore structures, rigs and plant facilities. Last year it had its first profitable year with earnings of $7m on sales of $620m.

Kim's business philosophy is disarmingly clear cut. "Basically, no business should lose money. *It* means that the people are not paying much attention and not working. A successful business requires a *lot of innovation, attention* to production and quality control."

Kim thinks that the slump in new vessel orders should bottom *out at 10m tons. But to keep* Korean shipyards occupied means they need to capture a large chunk of that demand, between 2.5m to 3.0m tons per year in new work.

Formidable

Kim got his start in light industry by buying equipment and facilities in liquidation. "*In the late 1960s,* banks would provide term loans to finance the purchase. I had no capital, so I used theirs."

The move was not an unusual tactic, but it was gutsy in those days when Korea had just started to build its now formidable textile *industry* and was just taking aim at export markets.

Finished products are *destined to lose their nationality* in Kim's view. Daewoo's approach is to look for co-operative links, producing parts *for manufacturers in other* countries and together exporting to third countries. His goal is $1bn in parts exports by 1990, starting with automotive *and electronic parts.*

By then, he expects a multiplier effect to start that could raise Daewoo's parts exports *to even $5bn annually.* To explain, he cites his textile experience. "We started with shirts and went on to ties, socks and *other garments* at the behest of our buyers. If we get our toe in the door, as a source of one slightly sophisticated part, *others will follow.*"

The appeal of parts and components is their potential to become higher value-added exports on which Korean companies depend. First, however, Daewoo is adding value to its employees and treating the policy as an investment in Korea's only and most important natural resource, its people. The group spends $6m a year in scholarships to send promising *students* abroad for graduate study in fields that contribute to basic research.

As with every other aspect of *Daewoo's operations, there is a* goal: "In six years, we will have 1,000 PhDs in the group. Then, we can start R and D to create *our own technology," says Kim.* He wants the group's output to grow in sophistication in fine chemicals, industrial electronics, telecommunications and automobiles.

Despite the 330,000 new university graduates every year, Korea remains largely the land of engineers, not scientists. "We can copy, modify and maybe improve a product, but we cannot create new things." Therein lies the necessity, the chairman feels, to think not only of profits, but to nurture a company and its employees "like a mother" thinks about the future.

Daewoo employees work in an environment of management practices, monthly reports and goal setting. These are somewhat unusual characteristics in a Korean operation and combine with *difficult* to fathom oriental traditions of sacrifice for the good of the company and deep two-way loyalty at all *levels between supervisors* and the supervised.

Datewoo Corp, the trading and construction company of the group, held an employee rally in late September at 8 am. They adopted a resolution that for the rest of the year there would be no holidays and Sundays off to achieve its export target of $3bn.

Participation is not compulsory, but unwillingness to make sacrifices for the company is not a route to the top. Three shifts were set up to encourage those 620 employees outside the country to work harder in landing new orders. Whenever these employees telex or telephone now there is someone in the Seoul head office on tap to respond, 24 hours a day.

The Daewoo group, which in addition to textiles and shipbuilding also manufactures such things as rolling stock, earthmoving equipment and robots, is run by an 11-member executive council that meets once a week whether the chairman is in town or not. They make major investment decisions and discuss decisions *requiring shareholders' participation.*

The council was organised three years ago when it became *apparent* that the group had grown too large for the chairman to follow up reports from all company presidents himself. Some members of the council represent only one company; others speak for several.

All successful executives within Daewoo have one characteristic in common, a willingness to sacrifice their personal life in order to lead a company. Four years ago, Kim forfeited his personal fortune of nearly $30m. At the time, the government wanted Daewoo to take over another troubled company in heavy *industry.* Kim *explained* that he knew the company needed massive infusions of capital to survive. Yet, if he asked for *government support as a major* shareholder of Daewoo, it would look like the government was indirectly supporting Daewoo or its chairman. He sold his shares in Daewoo Corp and donated the money to a foundation, betting his wealth to get the support he expected. The government, however, changed its mind and chose another route to rescue what is today the government-owned Korea Heavy Industry Corp.

The chairman says he had intended to give his fortune away at some point, anyway, because he built Daewoo with no capital and would like to leave it with empty pockets. Kim is still not a shareholder —he lives on his salary.

But his intention of 10 years that he would leave Daewoo in 1985 and start a new business has been postponed. He says he is too busy and the executive council needs to gain more confidence.

Kim Woo-Chong: "The government tells you it's your duty and you have to do it"

Personnel managers

Facilitator or progenitor?

BY NICK GARNETT

HOW MANY personnel managers do the job they really should be doing? How many know in any case what that job is? How many really care?

These, on the surface, abrasive questions are prompted by the progress of a somewhat confusing seminar during last week's national conference of the Institute of Personnel Management.

The subject was "Restructuring organisations for greater effectiveness—the key role of personnel." Perhaps it should have been re-entitled "Where on earth were you when it happened and where are you going to be when it happens again?"

Three chunks of information/opinion were thrown at the personnel people crammed into the lecture room. The first was an IPM survey which revealed that among the sample of personnel managers in the study, the majority saw themselves as "facilitators" of corporate organisational change rather than as initiators or designers or consultants to the board. That was black mark number one.

Then three personnel directors from the more muscular end of the discipline provided case studies on how crucial the personnel department had been in the restructuring of all or part of their three organisations—Allied Breweries, Tesco and Hampshire County Council.

"It's critical and essential. You have to become one of the management," said Alan Fowler, Hampshire's manpower director. "Personnel must be in there pitching," added Graeme Buckingham, Allied Breweries' personnel director even if the boys and girls from finance still run the show.

But how did that square with the IPM report? That showed that few of them were actually in there "pitching." They were just catching the ball in the outfield when it was belted towards them. If personnel's role was "critical" in the three case studies of restructuring but virtually non-existent in many other organisations, this seemed to underline the point that something was going badly wrong in the world of the personnel manager.

The final blow was delivered by Dr Andrew Pettigrew, Warwick University's Professor of Organisational Behaviour. "Personnel seems to have little role in the shaping of revolutions," he taunted the gathering. "Rather, it just deals with the human driftwood that appears out of revolutions." This produced virtually no response from the good-natured audience. Black mark number two.

Of course personnel directors in some companies have been intimately involved in advising and perhaps shaping organisational change forced on them by shrinking and shifting markets. But how many?

"The challenge for personnel managers is to move away from the administration of systems," Pettigrew warned everyone. It was time to ease the department's "uniformed branch" into the back seat. In the sphere of training, for example, was there something more than just accommodating change or stabilising the fallout? The answer was yes, and Pettigrew cited ICI where "trainers" have put a lot of effort into improving the capacity of middle management to manage change.

Sharpen up

Dr Alan Cowling, who heads Middlesex Polytechnic's School of Organisation and Management, and who detailed the IPM survey, pinpointed two areas where personnel people had to sharpen up, but quickly.

One was in the knowledge of their companies' products and structure so that they knew what they were talking about when the next dose of restructuring loomed on the horizon. The other — at least for manufacturing companies — was a knowledge of local production. Many companies were being decentralised, personnel staff were being devolved from head office to local sites and they had better get to know how these local operations actually operated.

The focus of the debate of course was how to expand the power of the personnel director and his staff by broadening their consultancy role. It transpired during the seminar though that there were a number of people lurking in the corridors of power who might erect obstacles.

One was the chief executive himself. Cowling pointed out that companies were often restructured by a new human broom brought in to do just that. This person's favourite tactic was to lay in wait for a few months then pounce, careering through the company's edifice like a steam shovel and doing it by clutching most of the power to him/herself in the process. That could block a move by the personnel director intent on jacking up his advisory role. On the other hand it could make it easier by shortening the chain of command.

By accident, Allied Breweries itself turned up more evidence of possible tripwires for the unsuspecting personnel manager. Power battles between individuals and between departments are a well known ingredient of in-house business life but they could be more fraught than some people think. A work survey of 70 of Allied's top executives measured against European "norms" revealed that in comparison with European managers Allied's people had less need for "structure, security, order" but more for "power, autonomy, control."

Professor John Hunt of the London Business School, who carried out the survey, referred lightheartedly to the Allied executives as "power hungry megalomaniacs." Still their presence did not prevent personnel director Buckingham from carving out an influential role in the company's process of restructuring.

Needless to say there was much interest in this seminar because there is now less interest in learning the techniques of firefighting (how to put one over on the unions/how to minimise the damage after being done over by the unions) than there was in the fraught labour relations days of the 1970s.

There are ominous signs from a recent CBI report, however, that more pay claims are now being backed up by industrial action. Personnel managers might yet have to temper a growing interest in influencing company reorganisation by the necessity of again spending much time on doing something their bosses have always required them to do—hosing down bushfires on the shopfloor.

THE ARTS

Television/Christopher Dunkley

Season to curl up in front of the box

Autumn is supposed to be the season when television comes into its own, what with it being too dark and cold in the evenings for anything else. Sure enough the figures produced ov AGB (Audits of Great Britain) for BARB (the Broadcasters' *Audience Research Board*, otherwise BBC and ITV) say that we have indeed been pushing up our viewing.

From a low of 18 hours and 6 minutes *per head per week* in August we have steadily increased our time in front of the box to 24 hrs 13 mins in the week ending October 21. We are not yet back to the record of the late 1970s when the hours-per-week figure approached 28, but we are well on the way and could be breaking records by Christmas. The mystery is why.

Nobody could seriously suggest that this season's crop of new series is particularly impressive. On the contrary, there is no weekly comedy treat to compare to *Morecambe and Wise* and the new situation comedies such as *Fairly Secret Army* on Channel 4 and *Lame Ducks* on BBC2 look unoriginal and tired, depending for their appeal upon the ludicrous stupidity and weakness of their male characters in contrast to the strength and smartness of their women—just like the last three gross sitcoms.

The best of the drama series so far has been *The Boat* from Germany on BBC2, an interesting antidote to all those movies in which Kirk Mitchum is forever slapping up the periscope handles and roaring "Dive, dive, dive!" However, while *The Boat* reeked of authenticity it was flawed. Good drama, if it has to convey tedium, does *tedious*; *suggests* boredom without being boring; convinces you that much time has passed without subjecting you to the passing of all that time.

Moreover, good drama grows from character and *The Boat* scarcely managed to get beyond the questionable suggestion that two per cent of U-boat crews *(one man per boat)* were nasty Nazis while the rest were just good guys doing as they were so without actually being told. It was, despite all that, entertaining enough in the true sense of the word, to hold one to the finish. Apart from foreign imports, where else can we look for intelligent entertainment in this season of long dark evenings?

It seems that many viewers are attracted by game shows: *Name That Tune* was watched last week by 14.8m, *Give Us A Clue* by 13.85m, *Play Your Cards Right* by 13.15m, *The Krypton Factor* by 13m, which accounts for five of the week's Top 10. The list was completed by two episodes of *Coronation Street*, two of *Crossroads* and one of *Cannon and Ball* (sample joke: "I've been to a French restaurant." "Really, did you have frogs' legs?" "Yes," "Well hop it").

No doubt most of these programmes won their Top 10 slots thanks to the patronage of a single group of heavy viewers and no doubt the same people are largely responsible for this season's heavy viewing figures. But where can the discriminating viewer look?

Four factual series on BBC 2 are showing promise. *Italians* looks as though it may be even more successful than *Year of the French* in recording the pulse of a nation at a variety of pressure points. *Dancer opened* on Sunday with a tellingly aggressive statement from Peter Schaufuss ridiculing the idea that male ballet dancers are cissies and challenging sniggerers to copy him and pick up their wives or girl friends above their heads while simultaneously dancing and smiling. It then treated us to a delicious *hors d'oeuvre* of splendid male dancing.

Our House also made a good start in the middle of Thatcher country with David Pearson's cunningly edited programme about the Johnsons, a couple who appeared to wax more and more endearingly defensive about living in suburbia in a semi-detached house which Osbert Lancaster would call "Bypass Residential" but which the Johnsons insist was built expressly for individualists such as themselves. The

Robert Prosky as Hill Street's no - nonsense Sergeant Stan Jablonski.

detailing on the porch is definitely different from their neighbour's.

Thursday's *Commercial Breaks* is — to this layman, anyway — the most interesting programme about business to come along since John Swinfield's *Enterprise* (and where has that gone). The programme *looking* at Cap'n Bob's Dailey Miror, now a most apt title, and the programmes about those who buy and sell cocoa and about Levi's doomed attempt to sell smart suits (Like Bronco trying to use their name to market smart wallpaper) all contained strong dramatic elements and provided better entertainment than many so called "entertainment" programmes.

But remembering the money, effort and time put into producing a suposedly balanced schedule, and considering the contempt which British television chiefs pour onto American television for its "Wall to wall *Dallas*" are we not entitled to expect something in the way of entertainment which is a touch more thoughtful than *Blankety Blank* (No 5 in BBC 1's own top 10)? The irony is that just such a production has been running for a couple of years on ITV but because it is an American import it has been pushed around from pillar to post, screened at different times in different regions, and dropped altogether at the least excuse.

No matter what they did, however, they could not hide the extraordinary qualities of *Hill Street Blues* and from this coming Saturday it will transfer, thank goodness, to a regular 10 o'clock slot on Channel 4 where — for the first time in Britain — it will be nationally networked. They will run the 22 new episodes which have just begun in the U.S. and then go straight back to the beginning and repeat the entire series.

HSB did not come as a bolt from hte blue. It arrived logically in the wake of two other excellent American series, *Kojak* and *Lou Grant*. The *Kojak* series drew its strength from a combination of factors: willingness to admit the human weakness of the police, good studio work combined with exciting location shoots; a large and varied cast in which the star did not always dominate; and the persistent depiction of police work as a fight not only against crime but against city hall.

Lou Grant (a Mary Tyler Moore production spun off from Ed Asner's character in *The Mary Tyler Moore Show* which is now re-running on Channel 4 at 5.30 on Wednesdays) exploited the idea of using a big cast within a large institution, *in this instance* a newspaper, with equal importance given to many different rôles: Proprietor, photographer, editor, reporter and so on. Even more significant, where previous institutional series (in hospitals, police forces, law firms) had concentrated the drama on professional activities, in *Lou Grant* the domestic lives of the characters became a dominating consideration . . as in real life. We saw the effects of divorce upon work, the effects of Vietnam war service, the influence of alcohol, and so on.

In other words *Lou Grant* used the soap-opera technique of driving a core-cutter down through the strata of life, but unlike soap opera its plots were often seriously concerned with major moral and social problems, from the position of women in society to the ethics of local government.

HSB, another Mary Tyler Moore series, has borrowed most of the important ideas from both these series to produce television drama's first *three ring circus. There is so* much going on that newcomers may be baffled for several episodes. Stylistically the series hovers perilously close to self-parody: there are rarely fewer than six extras visible behind any normal two-shot and one of them will always be intrusively whacky; nor is any two-*shot complete without a stream* of people passing between the principals and the camera.

It is often funny (new viewers may be surprised to see an undercover detective growling at people in next Saturday's episode; sometimes he bites) and often shocking. The producers of *HSB* know we have all seen those fly-on-the-wall series about real American police forces and that we know about the horrors of urban crime in the U.S., so they pull very few punches.

The result is an astonishing mixture of adventure, personal drama, comedy, outrage, and moral conundrum. Above all *it is entertaining*. Everything comes together at one point in Saturday's forthcoming episode when a couple of members of the public find themselves in the back of a Hill Street squad car chasing a stolen ice cream van. Score one—yet another one—for the Americans.

Lazydays: Stephen Tiller (left), Will Knightly, Marion Bailey

Lazydays Ltd/Stratford East

Martin Hoyle

David Roger's set starts us wondering at the stultified opulence of this council maisonette in East London. The York flagstone fireplace sums up the taste, a couple of cuts above your average East Ender's, groping for style.

The miniature bull's head, probably the relic of a Costa Brava holiday, is almost absent-mindedly placed with a cut-glass decanter, copper coal-scuttle, horse brasses, china collie and plastic ferns.

Sam and Nell, Mum and Dad, preparing for a family night out, continue the theme of affluence under threat with their obsessive talk of security. "This house is beginning to look like one big mortise lock," complains Nell. "I feel guilty about opening my bowels sometimes." Tower blocks and the single wall of a bomb site hem them in.

The flat bursts with the fruits of Barry's labours. Their son is in the leisure business. He rhapsodises on solariums, cable TV, kids' computer games, "the new economy . . . We're embarking on a second Industrial Revolution."

His dowdy teacher brother, Ken, knows that Barry's big *business is running sex-shops* and an amusement arcade—"the more basic end of the leisure market." it is smoothly conceded; and that he obtained *his latest premises* by terrorising the Asian tenants to the point of burning them out.

The author, Tony Marchant, has rapidly emerged as one of the most promising playwrights of the past two or three years.

Tension mounts over the celebration of Ken's birthday. Anger and contempt for his brother's flashy worthlessness spill out in vindictive revelations. His girlfriend Kathy is helplessly drawn in, already suffering the stigma of an outsider for her middle-class background and professional status.

An increasingly acrimonious lunch (of what looked like real meat and two veg) ends with Kathy disillusioned and the parents rounding on the virtuous Ken. The writing here tends to be consciously literary, the characters perhaps too articulate; but Edna Doré's beautifully judged mother, reducing her grief and bewilderment to the furious maternal shout of "Make up! Make up! Like you used to!" is memorable.

She is *nobly supported* by Donald Morley's Sam, breezily proud of his two sons, and Marion Bailey's vividly intelligent Kathy, the stranger *buffeted by these tempests*.

The brothers are played by Will Knightley and Stephen Till. The latter's spiv, a defensive swagger round the hips, all cool shrewdness and final goaded rage, is a complete portrait; while Mr Knightley's glumly principled Ken embodies the author's apparent concept of virtue as a loser.

Given Barry's sympathetic qualities, I feel the brothers' motivations are unclear, but they are certainly members of the same family; and Mr Marchant can portray the older generation startlingly well.

The Dining Room/Scarborough

Martin Hoyle

The setting of A. R. Gurney Jr's collage of scenes from family life is the dining-room, any dining-room, all dining-rooms. Characters from different periods enact vignettes, often overlapping but invisible to one another, as if the room were peopled by ghosts. Loved or loathed, protecting or oppressive, the room stands for home, the established, the conven*tional, family ties; the* upbringing we never quite escape.

And perhaps don't want to. The adult daughter who longingly recalls the security of childhood begs to return home with her children from the mess of a failed marriage, her husband's mistress, her boyfriend and her woman friend. "I can't go back," she wails to her evasive and unwilling father. "Neither can I," he gently replies of a past that is irrecoverable.

One misses the frantic comedy of desperation that *American actors can provido*. Otherwise, paradoxically, English accents might be more suitable for Alan Ayckbourn's production at the Stephen Joseph Theatre, if only to underline the oblique formality of Mr Gurney's dialogue.

Of Aunt Martha, who eloped with her riding master: "She's had been over-stimulated. From then on she refused to join the workaday world."

Mr Ayckbourn's interest is easily explained. The fluidity of this patchwork of sweet and sour sketches reminds us of his own work where such set pieces as meals or family gatherings provide the stimulus for emotional havoc. A children's party prompts a steady chant of "We want ice-cream" over which an adulterous couple have to yell their guilty intimacies. A grotesque Thanksgiving Dinner is dominated by the senile mother who refuses to recognise her family.

A family meal is plunged into chaos by the news that Uncle Henry, a confirmed bachelor, has been the butt of a *rude* joke at the Club. As dinner spoils (Bertha the cook stoically witnesses the hysteria) father rages about the insult to the family, "to this table, these chairs" and the children evince excited interest ("Uncle Harry is a fruit?"). An old lady (Alwyne Taylor) delightedly illustrates the use of fingerbowls while eagerly photographed by her grand-nephew who, it transpires, is working on a project on "eating habits of various vanishing cultures." The WASP survivor bristles and sends him packing.

After its British premiere last year at Greenwich the play is here done in the round for the first time, entirely suitably for its kaleidoscope effect. Thus *Richard Cordery as a little* (well, big) boy can run off in one direction and emerge as a wheezing grandfather a few seconds later from another. *The acting sextet is completed* by Andree Melly, Martin Sadler and Ian Learner; the whole cast combines crabbed age with youth in its scope.

Ultimately the effect is tentative, as if the author were afraid to punch home his points. In the final sketch an elderly hostess recounts her dream of the perfect dinner party with Grandma's silver "before it was stolen . . . the children back from wherever they are . . . the intelligent young couple who bought the Peytons' house . . . the bank teller, the doctor's receptionist." A comforting mosaic of the small securities of age emerges.

Us Good Girls/Soho Poly

Michael Coveney

Victoria Hardie's new one-hour play — which really would have been more suited to lunch-time conditions than to the Poly evening slot — is set in the chaotic South London bedsit of an unemployed unmarried mother who is pinning her hopes on a radio bingo competition. Paulette, in fact, enters all sorts of competitions, seeks all manner of free offers, as the pile of discarded cereal boxes testifies, a pile which constitutes the chief decorative and environmental element in Amanda Fisk's design.

It is a tidy comic conceit, the unemployed no-hoper scrounging unlikely promises from the detritus of a supposedly affluent society. The outside world is *continually* banging at Paulette's door. There is the pregnant wife, Tracy, of her boyfriend (the unfortunate Barry enters only as a trussed corpse); *there* is her black barrister best friend, Dorette; and there is the disaffected stoned aristocrat Tarquin who drives a mini-cab with a "stiffie" in his pocket for a party at *Buck* House.

A pleasantly bizarre quirkiness pervades the evening and once Sue Dunderdale's production has acquired confidence and ironed out the creases, we shall see here a most promising *new writer in action*, a new pupil in the tartly comic feminist school of Pal Gems. Ms Hardie obviously has a liking for blackness, jolting mood *switches* and well-turned, pointed funny phrases. Imelda Staunton's bright and breezy Paulette, a deft performance in the manner of Julie Walters, *sees herself as* "Feet in the clouds, head in the gas oven."

Clare Travers-Deacon plays Tracy as a pop-eyed grotesque, but she pulled me up short with a reminder of the beauty of a prayer I had not heard since childhood, and seemed to suggest that she and Paulette, with *assorted* children, were about to make a go of things. The resolution of the action is, in truth, arbitrary and unconvincing. But before then there is a lovely tingling seduction scene for Tarquin and the barrister. Lucien Taylor as Tarquin is as slovenly, revolting and self-pitying as any Hooray *Henry* on the *Tatler's* social pages. Leila Bertrand as Dorette might just articulate more carefully and then find a performing style more suitably abrasive and, well, peculiar.

Wexford Festival—2

David Murray

Between Massenet's *Jongleur de Notre Dame* and Smetana's *Kiss*, both of them sophisticated studies in innocence, Wexford offers a Cimarosa comedy—*Le astuzie femminili*, or "Feminine Wiles"—in which sophistication and innocence are seamlessly at one. The bright little score is alert to the wily twists of the plot, but disdains psychology; there are tender arias and even thoughtful ones, without any claim to explore characters who remain farcical archetypes. Such ambitions would only spoil the tone.

So, *Cimarosa isn't Mozart; but* as Michael Hampe proved triumphantly with his Cologne *Matrimonio segreto* (seen at Edinburgh and later at Sadler's no time for private sentiments Wells), an *opera buffa* that has no time for private sentiments may still make honest capital out of social interaction. Hampe took the glum little *family* of *Il matrimonio* (who could in different dress be a Eugene O'Neill brood) perfectly seriously, and found that the music made their frictions extravagantly funny. It was a revelation: One hadn't dreamt that Cimarosa could be played as naturalistic comedy, still less that *it ought* to be — but before our eyes and ears, the case was made.

At Wexford the producer of *Le astuzie*, Andy Hinds, hasn't even tried. Admittedly the Sheridan-based *Secret Marriage* story is a bit richer, but the crucial ensembles of *Le astuzie* are no less witty and pointedly tranparent: there must be room for treating the action at face value.

The Hinds production is a declaration of non-faith in the opera, tranferring it to a scene of phoney 1920s aesthetes where none of the props of the plot can stand up. The heavy guardian carries no authority; the legal claims ofthe bumpkin would-be groom are toothless; in short, there's nothing upon which the "feminine wiles" need to be exercised, and no comic urgency.

In its own gratuitous terms the Hinds affair is inventive enough, and mostly very funny. John McMurray's sets and costumes (occasionally tacky in the execution) supply a lot of extra jokes. The limp juvenile lead, young Bellina's sweetheart, is actually improved by being made a moony twit — the tenor Raul Gimenez enters loyally into the spirit of the romp, but also sings him with notable grace and style. He is matched by the delectable Susanna Rigacci as Bellina. Their bold ruse in "Hungarian" disguise goes for little in the second half, since Hinds has already pre-empted the jape with a mock-classical charade in the first half.

Arturo Testa, as the elderly bumpkin, makes a scrupulously thick Neapolitan—slightly grey of voice now, but of amiable temper.

Nancy Hermiston's Desina-type maid, who cuts a mean 1920s rug, betrayed some hard timbre that wasn't apparent in her excellent Smetana performance.

The warm, round tone that Peter-Christoph Runge brought tothe role of Bellina's Guardian —it was genuinely distinguished singing—made one doubly sorry that the terms of the production weight. What a waste, to have all the ensembles so crisply sung without the situations that should be their springboards having been properly set up!

The conductor Gyorgy Fischer has actually performed *Ol matrimonio* in the Hampe production, *and must have displayed* great forbearance in coping with the Hinds *Astuzie*. Vigorous and delicate with the score in all the right places (but *for one improbably slow duet* wher the string-figuration cried out for brighter teratment), his musical manners were impeccable, if leaning more toward Mozart than—a likelier angle—to Rossini. The music of the second half was, however, brutally cut. I fear we haven't really seen *La astuzie femminili* yet.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 26–Nov 1

Theatre

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical, Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rodgers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick Door to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Quilters (Jack Lawrence): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in New York remounted from its modest origins in Denver. (307 5452).

WASHINGTON

Nest of the Wood Grouse (Eisenhower): Victor Rozov's Soviet comedy puts a human face on the local nemesis in the form of Eli Wallach and Anne Jackson as a Russian diplomat and his unpredictable family. Ends Dec 1. Kennedy Center (254 3670).

King Lear (Folger): The 15th anniversary of the replica Globe company starts off ambitiously. Ends Nov 4. (546 4000).

CHICAGO

Stage Struck (Steppenwolf): American premiere of Simon Gray's murder mystery about a stage manager who takes revenge on his actress wife and his psychiatrist. Ends Nov 4. (472 4141).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Frayn's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

TOKYO

Kaitan Ningyo (Mysterious Mermaid) performed by one of Tokyo's leading avant-garde troupes Yume No Yuminsha. A fantastical and very visual piece set in the world of the Old Testament and the search for a mysterious mermaid, Honda Gekijo (465 6511).

The Cherry Orchard Imperial Theatre: Chekhov's masterpiece in Japan. Directed by RSC's Clifford Williams, in residence since August. The Toho Company (213-7221).

Cats (Cats Theatre): Approaching its first birthday and therefore Japan's longest-running (consecutive) play, this Japanese version is worth seeing. Excellent set, good dancing, Kabuki-derived movement. Shiki company, directed by Keita Asari (320-1001).

Albertina Collection/Washington

Frank Lipsius

The Austrian Government, after a decade's preparation, has sent the United States 75 works from the Albertina palace to commemorate two centuries of Austro-American relations. The collection itself dates back further than the American republic, having been started by Prince Albert and Empress Maria Theresa's favourite daughter, Marie Christine, in 1768. Like many collectors today, Albert earned the money he spent on art, having added considerably to his dowry with more land and official positions as vice-governor of the Netherlands and Hungary.

After starting by buying art himself in Paris, Albert arranged for his Masonic brother, Count Giacomo Durazzo, to collect drawings for him while Durazzo was the Habsburg ambassador in Venice. Three years later, in 1776, Albert took possession of the beginnings of his great collection, 30,000 works that Durazzo had bought from 1,400 artists. The collection was Durazzo's idea as a way to have all great art catalogued and housed in one place. He proved to be a forerunner of the modern curator by entering each purchase in a catalogue and handing the treasure over to his patron divided alphabetically by school.

The turmoil on the continent in the wake of the French Revolution disturbed the duke's career but also gave him a chance to enhance his collection from families that fell on hard times. He was the vice-governor in the Netherlands when Habsburg authority there collapsed. He survived only by fleeing and lost some of his works in a shipwreck. When he got back to Vienna, he settled in what was later named the Albertina in his honour to devote himself, like Candide, to domestic pursuits.

The collection got its focus in 1796 when the duke bought the Dürer drawings in the Imperial Court Library. The present exhibit has Dürer's much-commercialised *Praying Hands*, along with *View of Antwerp Harbour* and *Knight on Horseback*. By the time the duke died at the age of 84 in 1822, his collection had 13,000 items which the emperor had examined and recatalogued at the royal court.

Considered now the greatest graphics collection in the world, the Albertina includes Albert's collection with the work in the Imperial Court Library, amounting to more than 500,000 drawings. The present 75 on view at the National Gallery in Washington and then, early next year, at the Pierpont Morgan Library in New York, are meant to cover a gamut of subjects, schools and artists from the 15th to 18th centuries. Artists include Rubens, Rembrandt, Michelangelo, Raphael and Fragonard. There is Pieter Brueghel the elder's *Spring*, a busy scene of conscientious Dutch gardeners, and Lucas Cranach the younger's serene *Portrait of Prince of Saxony*.

Since the collection is not on permanent view in Vienna, many of the works will be seen for the first time by a general audience at this show. The Austrians have made this special effort in part to acknowledge the role of American soldiers in recovering the collection after the second world war. While the Albertina was largely destroyed, the works were hidden in salt mines in Hallein near Salzburg, part of a hoard of 1.5m works in Austria the Americans returned intact – "a remarkable and unforgettable contribution to culture," as noted by Dr Walter Koschatzky, the present curator of the Albertina.

Left in Vienna is the wealth of a collection that includes the complete etchings of Goya, engravings from the 14th century to the present and architectural drawings centred on Fischer von Erlach and von Hildebrandt's Austrian Baroque designs. With the only drawing of Perugino still in existence and the wealth of works on view in Washington, the Albertina has only whetted appetites with the present show.

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A flawed recovery

The Confederation of British Industry's latest industrial trends survey confirms that the eight-month-old miners' strike continues to have little direct effect on manufacturing output. Yet, as Mr Nigel Lawson, the Chancellor, admitted yesterday in the House of Commons, the strike is having an impact on macroeconomic policy. It has forced the Chancellor to revise upwards his estimate of this year's public sector borrowing requirement by £1.5bn. The outturn now looks likely to be closer to £9bn than the original target of £7bn as the Government does not intend to claw-back the extra spending.

The miners' strike is also having a more subtle impact which is becoming more serious the longer the strike persists. It is making the Government more cautious in its reaction to rising unemployment. Other things being equal, the Government might by now be prepared to take more risks with inflation by pushing interest rates down. The miners' strike has made such a strategy untenable because it has dented overseas confidence and left sterling more vulnerable than is warranted by the overall state of the UK economy.

Blackspot

Indeed, the British economy, like many others, continues to display chronic Jekyll and Hyde symptoms. Anybody who did not know that British unemployment was above three million and still rising might have been quite encouraged by yesterday's CBI survey. "The underlying economy is continuing to grow. Consumer spending is up, exports are higher than last year and investment is at the strongest level for the past four years," declared Mr Ian Wigglesworth, chairman of the CBI's economic situation committee.

Export orders and deliveries are rising. Corporate liquidity continues to improve and the recovery is spreading into the capital goods sector. The one black spot is unemployment: the CBI's survey predicts more job losses in manufacturing over the next four months and while the rate of job loss is less than in 1983, no further slowdown looks likely.

The London Business School's latest economic survey repeats the same message. Over the next four years, economic growth is expected to average about 3 per cent a year, there is no sign that the recovery begun in 1981 will be aborted. Inflation should stick at about 5 per cent, the balance of payments should remain in surplus and government borrowing firmly under control. In fact, the outlook is quite rosy with one dispiriting exception: registered unemployment, says the LBS, will be higher in 1988 than it is today.

But for the inhibiting influence (and cost) of the miners' strike, a fresh look at the fiscal and monetary balance might be appropriate. The medium-term financial strategy is not set in granite and there is a danger that the Government's implicit targets for nominal GDP could be undershot. There are investment projects in the public sector which would pass any microeconomic test of viability.

Restraint

More fundamental in the long term are changes in the labour market and in the wage-setting process. Mr Lawson suggested yesterday that 500,000 extra jobs would eventually be created for every year in which real pay remained static. Three years of a freeze of real pay would eventually create an extra 1½m jobs. Many economists outside the Treasury would be sceptical of such a strong relationship between wages and jobs. But even if the creation of jobs would be much slower than Mr Lawson predicts, the case for real wage restraint is now overwhelming.

Yet the unemployed themselves have no role in the pay bargaining process. It is difficult to see how that situation could be changed without a reduction in the monopoly power of trade unions which in turn could lead to more flexible labour markets on the American pattern.

British Gas versus the oil companies

OF ALL the vested interests that fight for position in the British economy, arguably the top two contenders must be the international oil industry and the British Gas Corporation. When the Government takes upon itself the role of refereeing a contest between these giants of the industrial scene the scrap can become interminable. At no time has this principle been better illustrated than in the present controversy over whether British Gas should be allowed to buy an estimated £20bn worth of gas from the Norwegian Sleipner field.

British Gas insists that the purchase will fill a coming gap between UK North Sea gas supply and UK demand for gas that will open up in the mid-1990s. Influential voices in the oil industry, led by British Petroleum, saw that the UK Continental Shelf can supply the country with all the gas it needs until at least the end of the century.

To buy gas from Norway, protests BP, is not only a massive waste of money, but will discourage proper exploration and development of Britain's own reserves and will export much-needed jobs to Norway. Intensive development of UK gas fields could create about 15,000 jobs, it is claimed.

Ultimately the UK will have to buy gas from other countries. The questions are when, from whom, and at what price.

Recently the UK Offshore Operators Association, the trade association speaking for all major North Sea oil companies, published its own assessment of the future for gas supplies from the North Sea.

Analysis

Its analysis is that with production from existing discoveries, and including supplies that would be unearthed by a reasonable exploration programme in the Southern Basin, the UK could be producing as little as two-thirds of the gas that it will need in the mid-1990s. Sleipner is designed to fill about a fifth of the demand, being no more than a replacement of the supplies Britain currently imports from the rapidly depleting Norwegian Frigg gasfield.

The UKOOA analysis is based not only on a geological, but also an industrial assessment. It assumes that in exploiting future oil and gas developments, British industry is capable of producing about eight North Sea platforms a year, a rate in excess of historic performance.

British Gas would itself concede the possibility that there are enough UK reserves to fill the gap in the 1990s. Whether it would be possible to develop them in time without putting excessive demands on British industry and simultaneously neglecting the development of oil reserves is another matter.

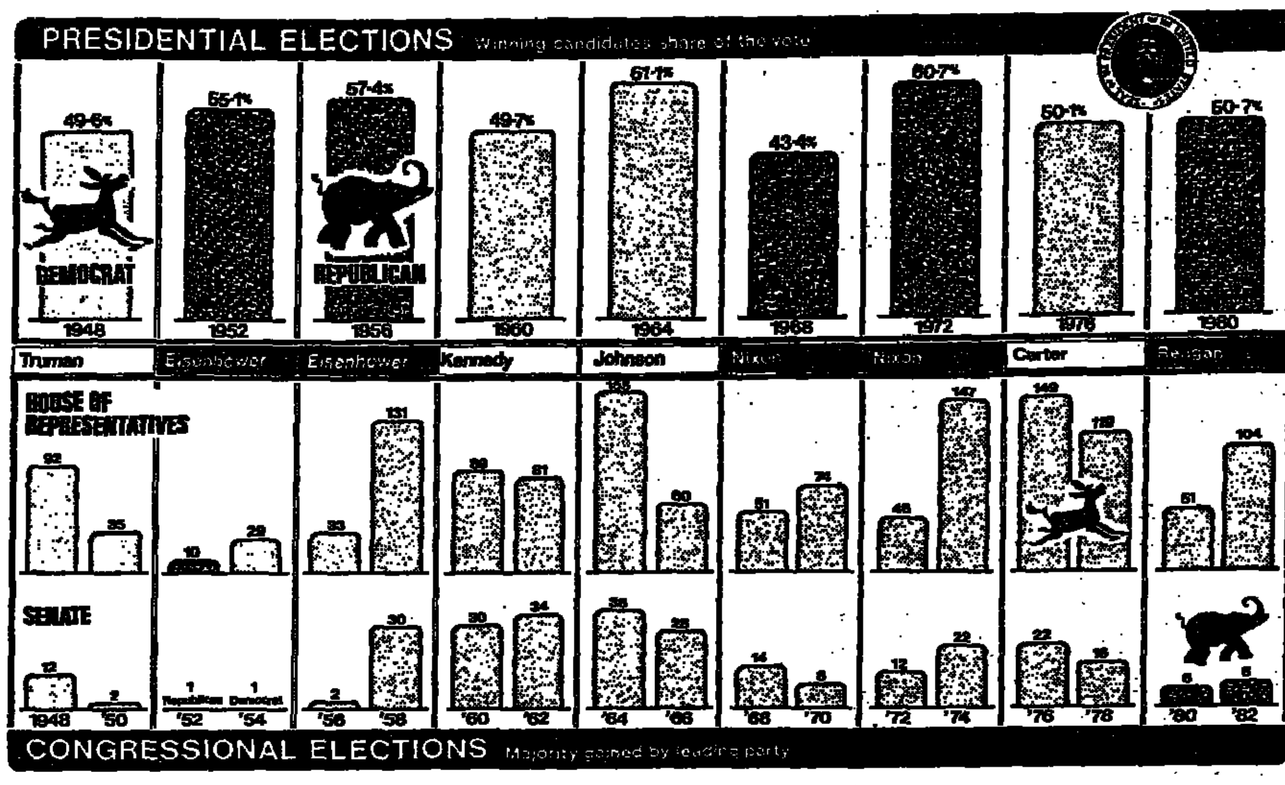
The possibility of exporting jobs unnecessarily to Norway is clearly weighing with the Department of Energy. Worries on this count constitute one of the main obstacles to the department's approval of the deal struck between British Gas and Statoil of Norway in February this year. The department wants Norway to guarantee that a major portion of the development contracts associated with Sleipner go to Britain, and insists that it will not approve the deal until it receives such an undertaking.

The battle between British Gas and the oil industry is not merely about Sleipner, but about who has the whip hand in the control and pricing of UK North Sea gas developments. BP and others fear that with Sleipner gas the corporation will be able to use its position as monopoly buyer to dictate the price and timing on UK gas developments.

Yet it is quite possible to agree to Sleipner imports without leaving the poor oil companies at the mercy of Sir Denis Rooke, chairman of British Gas. This would be to make approval of Sleipner conditional on a further weakening of British Gas' position as the dominant buyer of UK gas supplies. The oil industry should be permitted to sell gas directly from its fields to the Continent. For the time being the Continent is well supplied with gas but that situation will not persist indefinitely.

The traditional argument against such an open-door policy is that it endangers the UK's security of gas supplies. Two possibilities to meet this objection suggest themselves. The corporation could be allowed to match the well-head price of international offers for UK gas. It may also be worth considering a policy under which government estimates of UK gas reserves (plus contracted Norwegian supplies) should exceed an agreed multiple of estimated UK annual demand for gas before UK exports are permitted.

Such changes would end the ability of one organisation to determine on its own the price and availability of UK gas, and open up an era in which the UK could become part of a freer international gas market.



U.S. Congressional elections

The scramble to ride on Reagan's coat-tails

By Reginald Dale, U.S. Editor, in Washington

THE WHITEHOUSE is now so confident of a big victory for President Ronald Reagan on Tuesday that, in the few days that remain, he is going out on the campaign trail to help Republican candidate for Congress who will be running on his "coat-tails."

Republican strategists, after a sharp jolt following Mr Reagan's poor performance in the first presidential debate with the challenger Mr Walter Mondale earlier this month, are once again looking for big gains in Congress. Their hope is both to retain the Republican grip on the Senate and wrest back effective control of the House of Representatives.

The most optimistic have fond hopes that 1984 will prove to be one of the great realignment years of American politics—along the lines of President Abraham Lincoln's watershed victory of 1860 or President Franklin D. Roosevelt's in 1932. Since 1932, the Democrats have controlled the House for all but four years and the Senate for all but eight.

With a commanding lead of between 17 to 24 percentage points in the latest polls, Mr Reagan for the first time yesterday spoke of the possibility of an "historic electoral realignment." The Republican dream is finally, after half a century, to put an end to the Democrats' New Deal coalition and establish a Republican majority to chart the country's future until the year 2000 and beyond.

Most U.S. political analysts, however, are not so sure. While the ranks of Republicans are clearly growing, there are many doubts as to how long Mr Reagan's coat-tails will prove to be—whether indeed the traditional coat-tails concept is still valid.

For the future of American government over the coming years, the answer to the question is almost as important as the outcome of the presidential election itself. If, as is probable, Mr Reagan wins on Tuesday—or even if Mr Mondale does—the extent to which the President is able to have his way will depend heavily on the composition of the new Congress, the 99th, that takes office in January.

Up for grabs alongside the White House on Tuesday will be one third (33) of the 100 Senate seats and all 435 seats in the House. (While the two Senators from each state enjoy the luxury of staggered six-year terms, all House members must be elected every two years.)

Even if there is a Reagan landslide, really sweeping changes are not expected in either House. The Democrats are expected to gain perhaps two or three seats in the Senate, although they are unlikely to win the six they need to overturn the Republicans' current 55 to 45 majority. The main reason is that the Republicans this year are defending 19 seats, some of them considered marginal, while the Democrats are defending only 14, most of them considered safe.

In the House, the Republicans could, according to the latest surveys, win anything from 10 to 25 seats—a long way short of an absolute majority. The Democrats now have 266 House seats, against 167 Republican and two vacant, and have still not entirely given up hope of holding Republican wins to a minimum.

But the numbers, particularly in the House, are deceptive. For the first two years of Mr Reagan's presidency, in 1981-82, he wielded effective control of the House, particularly when it came to laying the main foundation stones of Reaganomics, with less than 200 Republican members. The swing votes that he used to build what was in practice a coalition came from right-wing, mainly Southern Democrats (the so-called "Boll Weevils").

After the mid-term elections of November 1982, that coalition collapsed. With the country still suffering from recession, the Republicans lost 26 seats to the Democrats and the "Boll Weevils" lost their casting votes. It is those 26 or so seats that the Republicans now hope to regain, restoring the right-wing coalition, preferably with the addition of more conservative Democrats. They are especially keenly targeting 1982 freshmen Democrats, who often won by narrow margins, particularly in the South and South-west.

If the Republicans achieve their aim in the House and retain control of the Senate—and especially if Mr Reagan wins a massive new mandate in a landslide victory—the combined effect would be to restore his authority over Congress to something resembling the heady days of 1981. Already the Administration has, albeit reluctantly, accepted the blocking of important policies by the current Democrat-controlled House, for example on the MX missile and aid to the U.S.-backed "Contra" rebels in Nicaragua. In the hope that a more amenable Congress will accede to its wishes next year.

Recent historical precedents are cited on both sides of the argument as to whether Mr Reagan's coat-tails will have the desired effect. In 1980, his sweeping victory was accompanied by a gain of 12 seats in the Senate, giving the Republicans control for the first time since 1952, and 33 seats in the House. While some argue that this did not provide real evidence of presidential coat-tails — given that most victorious Republican candidates ran well ahead of Mr Reagan — the memory is certainly enough to frighten the Democrats today.

In 1972, on the other hand, while President Richard Nixon was defeating Mr George McGovern in the biggest landslide in 36 years, the Democrats gained two seats in the Senate and lost just 12 in the House, largely as a result of new electoral districts.

Historically, American voters seem more inclined to punish an unpopular party in congressional elections if it is holding the White House—as in the 1966 elections in the middle of the Johnson Administration and after Watergate in 1974—and less inclined to do so if it is "their" party, as the Democrats were in 1972. That factor should work in the Democrats' favour this year.

It is also true, however, that while congressional Democrats found it relatively easy to dissociate themselves from the maverick outsider Mr McGovern in 1972, it is proving much harder for them to distance themselves from the solid party man Mr Mondale.

That has not stopped them trying. Many Democrats have made it clear that they do not want Mr Mondale campaigning for them in their districts—national party organisers say that candidates sometimes politely ask if they can have Ms Geraldine Ferraro, the vice-presidential nominee, instead, because they are sure that Mr Mondale himself will be "too busy." Coat-tails can drag a candidate down as well as up.

Other Democrats are finding as much as they can to praise about Mr Reagan—the implication being that voters can split their tickets between Reagan for President and Democrats for other offices, and that Democrats too can ride his coat-tails. Still others are pleading with their constituents to send enough Democrats to Congress to curb Mr Reagan's wilder excesses, given, they say, that Mr Reagan is bound to be elected.

Many Republicans are shamelessly running on Mr Reagan's coat-tails, and Mr Reagan has returned the compliment by urging the election of "our team" to Congress. He uses the phrase "our team" rather than "Republican" so as not to put off the independents and floating Democrats.

Many experts, however, now believe that the coat-tails phenomenon is changing or even disappearing in U.S. elections. Ticket-splitting is becoming more and more common, and is endemic in the South.

With the advent of mass media campaigns and computerised mailing lists, the old party organisations are being bypassed. At local level — in a development that particularly affects the Democrats in cities like Chicago and New York — it is no longer the precinct boss who is responsible for handing out jobs or providing the Christmas turkey. The traditional impulse to vote straight down a list because of party affiliation or the name of the candidate at the top is less strong.

Many would argue that the coat-tails effect has never been as strong in House races, where districts are smaller and issues more local, than they have been in the Senate, which is more identified with national issues. But sociologists and pollsters now see a general trend in which candidates are judged more for their individual merit than their party allegiance.

Sheer volume of money, too, can increasingly affect individual races. By the end of last month the Senate candidates had spent nearly $100m, already well ahead of past records, and House candidates over $100m, with much more to come this month. In North Carolina, Republican Senator Jesse Helms and his Democratic rival, Governor Jim Hunt, are spending a record total of over $20m on this year's Senate race.

North Carolina is one of the key seats that the Democrats are hoping to capture in their long-shot bid for a Senate majority. Widely seen as a symbolic national clash between the forces of the extreme right, led by Mr Helms, and the more moderate Mr Hunt, the race is regarded as a dead heat that could go either way on polling day.

Other Senate races to watch include those in Tennessee, Texas, Illinois, Iowa, and Massachusetts. Tennessee is viewed by the Democrats as by far their best chance of winning a seat. The popular Democrat Mr Albert Gore, whose father was a well-known Senator, is favoured to beat Republican Mr Victor Ashe.

In Texas, Democratic state senator Lloyd Doggett is waging an uphill battle to beat Mr Phil Gramm—a former Democrat, sometimes rated the most right-wing member of the U.S. Congress—for the seat being vacated by Republican Senator John Tower, influential chairman of the Senate Armed Services Committee.

According to local polls in Iowa, Democratic Congressman Tom Harkin is now narrowly ahead of Republican incumbent Senator Roger Jepsen, who has run a lacklustre race further marred by his admission that he once applied for membership of a "sexually orientated" massage parlour.

In Illinois, three-term Republican Senator Charles Percy, chairman of the Foreign Relations Committee, appears to be narrowly holding his own against a strong challenge by Democratic Congressman Paul Simon. The Democrats once had high hopes against Republican incumbents in Mississippi and New Hampshire, but are finding the going harder than expected.

In Massachusetts, the Republicans are hoping to win one back. Mr Ray Shamie, a Reaganite self-made millionaire, is hoping to capture the Democratic seat vacated by Senator Paul Tsongas in a tough race with Lieutenant Governor John Kerry.

Most of the Republican Senate candidates have lashed themselves as tightly as possible to Mr Reagan's mast. Whatever the ultimate truth of the coat-tails theory, it is widely agreed that a collapse of the Mondale candidacy on Tuesday would probably save the day for Republicans in tight races.

The "realignment" theory, too, remains to be tested. The new Congress could be more splintered, as traditional party allegiances exert less influence. If the Democrats win a seat or two in the Senate, they could place moderate, rather than Reaganite Republicans in the role of casting voters.

In the House, an influx of economically puritan right-wingers could strengthen the hand of those who see a balanced budget as more important than Mr Reagan's demands for big increases in defence spending.

Then again, there are only two years to 1986, when the Republicans will have 22 of 34 seats to lose. If Mr Reagan wins on Tuesday, his party by then will probably be vulnerable to the infamous presidential "six year itch." Some analysts are predicting that that will be the real showdown.

THE ELECTION ARITHMETIC

SENATE. Current state of parties: Republicans 55 seats, Democrats 45. Seats up for election: 33.
HOUSE OF REPRESENTATIVES. Current state of parties: Democrats 266, Republicans 167, vacancies 2. All seats up for election.

Men and Matters

Ridley's man on the buses

John Telford Beasley will be required to show himself in such workaday London suburbs as Neasden, Acton and Brixton, after he becomes head of London's bus services from November 12.

But yesterday he was more exotically located somewhere between Madrid and Barcelona. He is winding-up his duties as regional president in the Mediterranean countries for Warner Lambert, the U.S.-based pharmaceuticals group.

His move from an international private sector pharmaceuticals group to a public sector, politically charged, transport organisation seems as big a leap as anybody might be expected to make in a management career.

Even before he appears in London to take up his new job at £41,000 a year Telford Beasley can be marked down as a man with style. Telford Beasley is his double-barrelled surname. But he scorns to use a connecting hyphen in the manner of most people who carry a similar burden through life.

London Transport (which recently became London Regional Transport when the Government took it over from the Greater London Council) has been in an experimental mood with top management in recent years.

Dr Keith Bright, who was made chairman 2½ years ago, came from Huntley and Palmer, the biscuit firm.

But whereas Bright was found by the Labour-controlled Greater London Council, Telford Beasley owes his appointment to Nicholas Ridley, Transport Secretary, who is keen to inject competition into bus operations round the country.

Telford Beasley, who is 55, has a tough task ahead of him. He will be expected to hasten plans to make nearly all London's buses one-man operated in the teeth of trade union opposition. And competition is being introduced by requiring some routes to go out to tender.

London Buses will be set up as a separate company next spring, clearly divorcing the services from London's underground trains. Telford Beasley will have to demonstrate its cost effectiveness to win routes against private enterprise competition.

Perhaps his new job will not be so unlike the in-fighting in selling international pharmaceuticals after all.

Badly managed

Public disagreement over management style is not confined to the National Coal Board, as a training video produced for the white-collar union Nalgo and released yesterday, sohws.

The £24,000 film, which highlights problems posed by new technology at Tameside council in Greater Manchester, features a remarkable clash between two of the council's top officers.

Asked in an interview if Nalgo is infringing the management's right to manage, chief personnel officer, David Metcalfe, says: "No, I think management has abrogated its right to manage."

To which Geoff Mayall, the council's chief executive, retorts: "You have to manage by consensus . . . if some managers don't like it, perhaps they ought to find themselves another role."

Buzz-words

Farmers who ignore the rights of honeybees could be in for some painful financial stings, it seems.

A High Court judgment in Lewes found that a Sussex farmer who sprayed his crop of oilseed rape with insecticide while it was still in brilliant yellow flower — killing foraging bees in the process — was guilty of negligence.

The farmer, A. D. Walter, who was sued by five West Sussex beekeepers, may now be liable for damages of up to £7,000 and costs of £12,000.

According to the British Beekeepers' Association, "the case clarifies and advances the law in regard to honeybees."

Judge Dennis Henry rejected the defence argument that bees were trespassers, and observed that they were useful insects. The defence asked leave to appeal.

Indian sign

One of the more convincing signs that Mrs Indira Gandhi, India's Prime Minister, will confound her critics and call a General Election by January is the resignation this week from India's foreign service of K. Natwar Singh, a permanent secretary and her confidante.

Better known to FT readers as an eloquent reviewer of books Natwar Singh, 53, would be in line to head the foreign service if he stayed. But he has decided, with Mrs Gandhi's blessing, to leave on Friday and join her Congress Party.

His first target is to become an MP for Bharatpur. He is a member of the local maharaja's family. His wife, too, comes from India's old aristocracy. She is the eldest daughter of the late Maharaja of Patiala and her Sikh parliamentarian brother hit the headlines three months ago when he resigned from the Congress Party in protest over the sending of troops into the Golden Temple.

That does not seem to have counted against Natwar Singh, who was on Mrs Gandhi's personal staff in the late 1960s shortly before a four-year spell as deputy high commissioner in London.

A blunt man who prides himself on being a political realist, Natwar Singh was ambassador to Pakistan from 1980-82 and last year Mrs Gandhi awarded him the Padma Bhushan—equivalent to a peerage—after he had run the Commonwealth Prime Ministers' meeting and other major international conferences for her.

Only two top civil servants have made the jump into politics before. One switched from being governor of the Reserve Bank of India to Finance Minister, the other from departmental permanent secretary to Planning Minister.

Natwar Singh is widely expected in New Delhi to become Mrs Gandhi's Foreign Minister if the political cards fall correctly.

Hard-headed

Lord Weinstock, GEC's chief executive, is sometimes accused of neglecting long-term investments with an uncertain pay-off. But his technical director, Dr Derek Roberts, amused a Marconi gathring yesterday with some blunt words on why he is not trying to re-invent the human brain.

There are enthusiasts, said Roberts, who forecast a marriage of electronics and biotechnology to produce a biomass computer. But we already had one in the brain.

It had some advantages such as its small size. But it also had drawbacks such as its sluggish response compared with modern computers. It had the retention of a human lifespan; but it sometimes forgot things.

Worst of all, it had taken God a thousand billion years to develop it. That, Roberts assured his audience, was why "GEC has no intention of wasting resources in bio-computers."

Love nest

From an advert in a Florida newspaper: "There is a very good reason why every year more and more couples spend their honeymoon at romantic Owl Lodge."—To wit, to woo.

Observer

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UK ACCOUNTANCY FIRMS

Enter the brash new salesmen

By Michael Prowse

"THE MODERN auditor is corporate counsellor and business adviser who can stimulate change by challenging the assumptions, assertions and comfortable precedents of management"—Mr Jack Straw, senior partner, Deloitte, Haskins and Sells, Edinburgh.

"Firms like mine are eager to help small businesses grow bigger . . . if you are not happy with the service you are getting, don't be afraid to complain, and if it is just the individual partner you are concerned about, ask for a different partner. That will certainly have a dramatic effect"—Mr Don Hanson, managing partner, Arthur Anderson UK.

Such were the sentiments expressed by leading British accountants at a recent conference organised by Business Research International. The very title of the conference—Getting the best value from your auditor—would have been unthinkable a decade ago. Yet it illustrates well the sea change the accounting profession is now undergoing.

Accountants in Britain may have only recently experienced their "A-Day"—advertising day—but they have been gearing up for a new, less gentlemanly form of competition for several years.

Accountants' perception of their role appears to be shifting rapidly and their time-honoured relationship with corporate clients seems to be moving onto a new footing.

Traditionally, accountant like most other professional folk, have been accustomed to unquestioning respect from industry: only rarely, with good cause, was either the quality or price of their services challenged.

In the absence of some scandal, companies in the main have regarded their auditors as appointed practically in perpetuity: a change of auditors reflected either a corporate takeover or the acquisition of one accounting firm by a rival.

But recently things have begun to change. Companies are beginning to regard an audit like any other commodity—as something you must shop around for. They are recognising that different accounting firms may offer more or less "value for money."

It is not just that firms will offer audits of different quality and price. As Mr Hanson points out, why should any company expect the same auditors to meet its needs from "cradle to grave?"

As a company matures, it will face different challenges and financial problems and need different services from its auditors.

In the past, however, the big problem has been that a typical company comes into contact with only one accounting firm: how can it tell if a different firm could offer a better and cheaper service?

The answer is it will not, unless it regularly puts its audit out to competitive tender. This is, increasingly, what is beginning to happen.

Leading accounting firms are now engaged in "hard sells" which would win the admiration of any advertising agency. But the new brash salesmanship is causing acute adjustment problems for an older generation of auditors who entered the profession partly because they wished to stand above the hurly-burly of normal commercial life.

Many of the Young Turks, in their 30s or 40s, who are now running the big UK firms seem on the contrary to be revelling in the new competitive spirit.

Why after several hundred years are accountants only now beginning to feel the winds of competition? There are many contributory factors:

● British industry is now more cost-conscious. The prolonged recession since the late 1970s has obliged companies to reassess all their costs: audit fees have been queried as never before. But some accountants such as Mr Colin Sharman, a partner at Peat Marwick Mitchell, argue that companies' impatience with the level of professional fees began much earlier.

During the rapid inflation of the 1970s, accountants, he says, were careful to ensure their fees rose faster than prices generally.

● Accountants have diversified their business. The maturity of the traditional audit market has led firms to expand other areas of their business such as management consultancy, tax advice, insolvency (especially in the recession) and increasing advice to public sector bodies. The result is that audit fees represent only 40-50 per cent of the total earnings of big firms. It is now sometimes worthwhile for firms to offer a cut-price audit in order to sell other services to a corporate client.

● The Thatcher efficiency drive. Surprisingly, the most potent force for change has come from the public sector. Civil servants, driven by their Ministers in the search for greater efficiency, have employed the increasingly popular tender method of finding an auditor or financial adviser.

Privatisation has been the catalyst for a re-assessment of the auditor in some case. But nationalised industries are in any case required to review their audit arrangements every seven years. The National Coal Board audit, which has been handled by the Scottish firm Thomson McLintock since nationalisation, is currently up for grabs.

If public sector bodies review their auditors every seven years, it seems odd that accountants should enjoy greater security of tenure in the private sector.

The evidence is that tenders can lead to large cuts in audit fees. The ferocious battle for the audit of the re-organised Royal Bank of Scotland Group and its Williams and Glyn's subsidiary is a case in point.

Deloitte, Haskins and Sells looks set to win official confirmation as new auditor after putting in a more competitive quote than its two rivals, Peat, Marwick Mitchell and Thomson McLintock.

The quotes of the competing firms remain confidential but it has been suggested, by UK Accounting Bulletin, that Deloitte's bid was so low that the bank group stands to cut its audit costs by about 60 per cent.

The new salesmanship of accounting firms offers industry better value for money but is not without its dangers. If an audit becomes a commodity, might not corners be cut?

Small companies in particular may regard the statutory audit as just another unwelcome expense. Could price discounting by auditors ultimately end up in an inadequate service for shareholders, in spite of the guidelines set by the accountancy bodies?

Doubts have also been raised about conflicts of interest. An audit traditionally existed in order to protect shareholders whose interests, especially in the short term, do not always co-incide with those of management. It is an independent assessment designed to ensure that the financial records presented by managers to their paymasters are indeed "true and fair."

To what extent, though, can auditors be both the impartial representatives of shareholders and at the same time a "corporate counsellor and business adviser" in the words of Mr Straw of Deloittes?

The worry is whether accountants will be sufficiently willing to fall out with senior management when the loss of an audit also entails the loss of very lucrative ancillary business such as management consultancy.

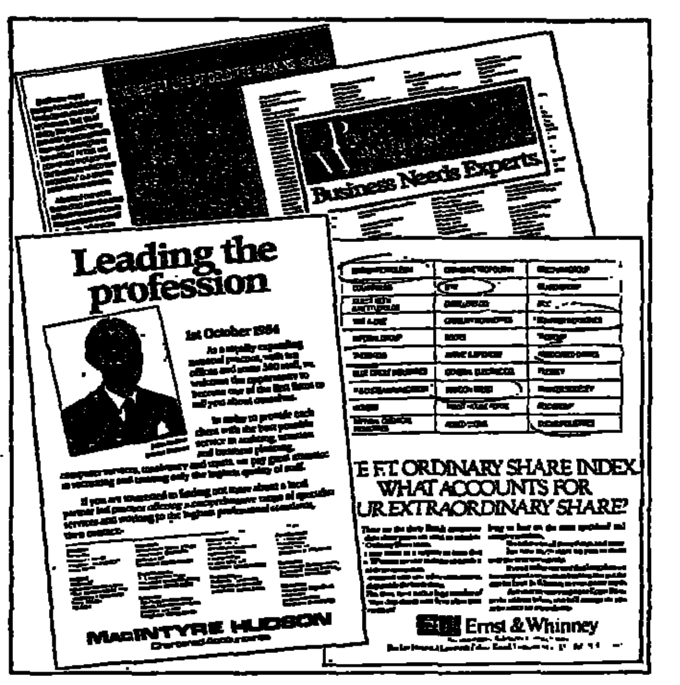
The notion that auditors are appointed by shareholders not management is increasingly a fiction. Mr Hanson of Arthur Andersen, discussing how a company should select its auditor, said "I cannot stress enough how important the personal relationship is, just as if you were hiring a senior member of the management team."

Auditors should surely never be regarded, in any light, as senior members of the management team.

Mr Sharman of Peat Marwick points out that in the U.S. the Securities and Exchange Commission counters the tendency of auditor and management to identify too closely by requiring a regular rotation of the individual (but not firm) which handles an audit. Perhaps the same should happen in the UK.

A related area of concern is the role of the audit report. "I am sure," said Mr Straw in his recent speech, "that virtually every corporate collapse could have been predicted by its auditor." Why, then, are so few audits qualified and why are shareholders so often the last to hear of trouble?

The transformation of accountancy from stuffy profession to competitive business is likely to result in a cheaper and better service for industry. But the profession will need to tackle vigorously the new regulatory problems which are emerging.



Taking advantage of "A-Day" on October 1.

UK trade union legislation

How to make the best of the new laws

By John Garnett

AS I TRAVEL around the country and talk to people in some of The Industrial Society's member organisations from all parts of industry, commerce and the trade union movement, it is clear that two matters are of the greatest concern at this time.

One is the desire to develop more productive industrial relations, particularly so in the light of the miners' strike, which is the most awful warning of the cost of not getting involved in effective consultation so that people will understand the economic truths.

The other is a fear of the provisions of the 1982 Employment Act on balloting on closed shops, which come into force tomorrow, and of the new Trade Union Act whose provisions are gradually coming into being over the next few months.

There is a fear that practical agreements and understandings built up over many years will be worth nothing. A fear that the new Act will play into the hands of extremists of both left and right. A fear that this legislation has been devised by political theorists who know very little of what is needed to get people to give of their best at work.

The far right and the far left are both delighted by these new laws. The right because they believe that if you legislate enough, then trades unions will eventually disappear. The present industrial situation shows just how wrong they are. The left believes the law is designed to create martyrs—it is up to all of us to ensure they are proved wrong.

All concerned must try and somehow make the best of this legislation, and use it in such a way as to develop more productive industrial relations.

Both pieces of law place a tremendous responsibility on employers and trade unions with regard to holding secret ballots. From next year, such ballots must take place at least once every five years to elect the voting members of a trade union's governing body; in the spring, unions will have to ballot on their political objectives; and unions have now to ballot before taking industrial action.

As from tomorrow, all organisations have the option of holding ballots on their closed shop agreements. The Government seems intent on demanding a higher level of democracy in trade union affairs than in any other part of our national life, including general elections.

I believe none of us should rush into holding a ballot on the closed shop. That is not the same as saying "Do nothing" — there is much that all of us must do.

If managers, we must reaffirm our commitment to responsible trade unionism. We must say that although we believe we have "the right to manage," so we also believe that those people who work for us have a right to be represented at work, and that trade unions are the most effective way of achieving this. We must urge workers to join their unions and to become involved in union affairs, and allow reasonable time off for union activities. In short, we must show that to most the issue is not the closed shop; it is getting the greatest number of people involved in responsible trade unionism.

Better consultative methods have to be developed, but decisions remain the duty of management

If we are in a trade union, we must demonstrate to management our commitment to behaving responsibly, our belief in and agreed procedures, and encourage active participation by all our members.

More than ever before, there is a need to develop better consultative procedures. Consultation should be about how we can increase the effectiveness of the organisation. I do not believe that unions actually want to take the decisions. The last chairman of the TUC once remarked that although unions want to be consulted at the very highest (even board) level, they do not want to take the eventual decisions. That remains the duty of management.

Peter Walters, chairman of BP, recently noted that good consultation can improve immeasurably the effectiveness of management. If proposals are challenged, and constructive suggestions made, then that can only improve the quality of the eventual decision. There are many practical things that all who are in charge of people can do to make ballots work. We need to discuss these issues urgently with union representatives and sort out what has to be done.

I believe that if some of these practical things can be done, then fears of this legislation can be turned into action which will benefit all parts of industry and commerce. At the same time, let us hope above all that no more employment law is enacted during this Government's life.

A recent discussion with a manager from a big manufacturer in the North of England may provide encouragement. For many years he had developed a first-class relationship with his union. He had just had a visit from the regional union official, who read aloud the union's policy on the new laws —no balloting, no co-operation, the maintenance of closed shop agreements at all costs. When he had finished reading, the official looked up. "Well, there we are," he said. "But I dare-say we'll work something out."

That view would be despised by the extremists on all sides. But I believe that in his practical and pragmatic attitude lies the seed of future hope.

The author is director of The Industrial Society and author of two books, The Work Challenge and The Manager's Responsibility for Communications.

Letters to the Editor

Managing change

From Dr Michael Cross

Sir,—Changing the traditions and culture of a workplace along with management style takes many years to achieve. It it unrealistic to expect a few letters written to employees at their homes will change any deep-seated mistrust, and it serves more to illustrate how not, rather than how to manage change.

There are a number of points which many companies fail to appreciate when introducing and implementing change. Some of the most significant points which tend to cause problems are: a willingness to base actions upon perceptions of reality, and not on what actually happens; an underestimation of the significance of changes in the eyes of those affected: a failure to provide sufficient resources—especially senior management time—to the changes being introduced; an expectation that the society at the workplace can change in months rather than in years; tendency to manage changes as a series of events rather than in an integrated and parallel fashion; and, an underestimation of the talents of employees in circumscribed jobs. There are many others.

These failings in managing the human side of change can be avoided, but it will require considerable time and commitment from senior managers and board members to find ways to allow their companies to learn from the mistakes and achievements of others.

(Dr) Michael Cross
(Senior Research Fellow)
Technical Change Centre,
114, Cromwell Road, SW7.

Hullabaloo before Christmas

From Mr R. Shaw

Sir,—May I outline a fair and just settlement to our miners' strike, which I think, all readers will agree, has gone on far too long.

From the appointment of the controversial Mr MacGregor as Coal Board chairman I have said the appointment was misguided, unnecessary and wrong. To correct this situation Mr MacGregor should be given our "best wishes," as small an amount of compensation as Messrs Lazard Freres would agree to, and his services dispensed with.

The next move should be to give every miner in the country (all National Union of Mineworkers members) one week's notice of termination of employment, together with an invitation to apply for re-employment on the very generous terms at present available to them. If they wish to create a new trade union, interested in their own welfare, as well as their employers who are all taxpayers of this country—then well and good.

Taking this action would create quite a hullabaloo for a few weeks but I am convinced that by Christmas the miners would be back at work and their communities would be, generally, a lot happier.

Mr Scargill has shown his true colours by cohorting with and seeking assistance from countries which I know from experience would not tolerate his tactics and whose workers, generally, are not as well off as Mr Scargill's own misguided victims.

In closing I must say how badly the Government and the National Coal Board have handled the public relations side of this saga, having given no adequate reply to the daily doses of Mr Scargill, thus allowing this gentleman to use the media which he so much maligns to his own advantage. To me it is quite unbelievable.

Raymond Shaw.
Orchard House,
34, Hullen Edge Road,
Elland,
West Yorkshire.

Tax land values

From Mr A. Galea

Sir,—Many readers will agree with Mr Barycz (October 20) on the continuing failure of this Government to honour its original manifesto commitment to reform the rating system. His proposal however to base domestic rateable values on the purchase price for a property does not realistically address the situation where such a transaction may not occur for a few decades. In time much the same anomalies would develop as exist today where occupiers of properties completed since 1973 are levied higher rates in comparison with larger houses for which the rental charge assessments made in that year are now quite unreal.

Surely the fairest solution is to base rateable values on the total square footage of land occupied and this to include all surrounds, i.e., front and rear gardens. The basis of calculation and the principle of charging *pro rata* for total land usage is equitable and simple enough for all to understand. The charge per unit of area would vary and relate to the land values for each district and the type of occupancy, i.e., domestic, institutional, industrial, and agricultural. The incentive would be to encourage the most economical use of land which after all is a limited supply commodity Who could possibly object to the principle of a household occupying a few acres for its sole habitation paying more in rates for the privilege? Who else except perhaps the landowning members of the Tory party which is why even Mrs Thatcher's Government would be unlikely to support such a proposal.

Alexander P. Galea.
Cedrus House,
Cannon Lane,
Maidenhead, Berks

Bingo and the readers

From the Editor, The Critic

Sir,—The providers of bingo prizes to newspaper purchasers preen themselves on the resulting increase in sales. Not in readers, surely. The other morning at a newsagent we saw a man buy an Express and a Mirror, tear out the coupons and throw the papers away. A "reader"?

Advertising agents are no fools. They provide the revenue which keeps newspapers viable; sales increases alone are not sufficient. And we doubt whether they will pay on a rate card which includes tens of thousands of non-readers.

Fleet is spending £2.7m on prizes and promotion. Robert Maxwell says "Bingo so far has cost me £6m." To be recovered from advertisers?

Dore Silverman.
9, Compayne Gardens, NW6.

Not a good night out

From Mr B. West

Sir,—It seems to me that the report (October 26) has missed the most important reason for the decline in cinema-going in England. Even those suburban cinemas that have converted to multiple screens have done little to change their image. One waits in a queue outside while some interminable counting process goes on within. The place is full of smoke and rattling crisp packets, with long boring intervals for selling more of the same. Apart from a few serious cinemas scattered here and there, there has been little attempt to provide a good night out in enjoyable surroundings; and the price is far too high to encourage those who just want somewhere dry and warm to go.

What about separate performances; a smoke-free atmosphere; no ice cream and crisps; attractive prices for family groups; and special prices off-peak? No film looks as good on the "box" as on the screen, nor does it sound as convincing. There could be a future for the cinema in England, just as there is seen to be a future for it in France.

B. H. West.
37 London Road,
Guildford, Surrey.

Where efficiency exists

From Mr G. Chichester

Sir,—I was astounded to read the assertion in your lead article (October 24) that a privately owned concern is not inherently more efficient than a state-owned one. I find it hard to believe you would publish such a view and leap to refute.

In theory, and in practice, private must be more efficient than state. The former is subject to the discipline of the market place for customers, for workers, for managers and for capital. Public sector industry can face the world secured by the blank cheque of taxpayers' support and the complex insulation from economic reality provided by diffuse layered accountability.

I challenge the notion that a private monopoly is no gain on a state monopoly for two reasons. In practice, the mere threat of transfer gingers up the performance no end—look at British Telecom and some of the remarkable gains in productivity achieved by local authority refuse collection. It must be that the role of government as regulatory authority and operator be separated so there is no conflict of interest within an organisation. Let the public interest be preserved at arm's length.

As you can guess, I am a firm supporter of the Government policy on releasing industry from the shackles of public ownership. I believe it is in the interest of the industries concerned; it will benefit the economy structurally; it will increase freedom in our society by reducing the direct power of the state; and, perhaps best of all, it opens the window of opportunity for wider individual ownership of property.

Giles Chichester.
9, St James's Place,
SW1

Telex charges going up

From Mr M. Cansick

Sir,—It is a little disturbing that so shortly after being converted to a public company British Telecom advised us that from October 1 Telex charges would be increased: (1) Rental of line up 6½ per cent to £88 per quarter; (2) For Inland calls an increase of 18 per cent; and (3) Increase in operator surcharge 30 per cent.

This, as a time when general inflation is at a rate of 5 per cent p.a!

Mark M. Cansick,
44 Highgate High Street, N6.

FINANCIAL TIMES
Wednesday October 31 1984

Reckitt lifts Kiwi bid before crucial meeting

By Alexander Nicoll in London

RIVAL BIDDERS for Nicholas Kiwi, the Australian household products and pharmaceuticals group, are due to confront each other in Melbourne today at a shareholders' meeting that might end the month-long battle for control of the company.

Reckitt & Colman, the British cleaning products, drug and food concern, yesterday attempted to seize the initiative from its opponent, Chicago-based Consolidated Foods Corporation (CFC), by raising its bid to A$5 ($4.18) from A$4.30. The new cash offer values Kiwi at A$431m ($300m).

CFC, which is seeking to buy Kiwi's non-Australasian operations and hold 14.9 per cent of the remaining Australian company, had said on Monday that it would offer more than Reckitt's A$4.30 cash bid.

The Chicago company, also offering the equivalent of A$4.30 but in cash and paper, said its revised bid would have an all-cash alternative, which would not be disclosed until today's meeting.

Reckitt yesterday continued its severe criticism of CFC's tactics, saying: "It is indefensible for Nicholas Kiwi's shareholders to be given so little time to consider the revised proposals of CFC."

In Chicago, CFC declined to comment on the Kiwi situation. Reckitt had planned to seek an injunction to postpone today's meeting, which has to vote on a resolution to sell Kiwi's foreign assets to CFC.

Sir Michael Colman, Reckitt's finance director, said the company decided not to proceed with court action after winning assurances that the meeting would be conducted in a manner that would allow the parties to consider their courses of action.

Adjournments could be called, and the resolution could not be "railroaded through," he said.

Reckitt bought a few more Kiwi shares yesterday, but still has about 20 per cent. CFC has 10 per cent, and three family interests hold between 40 and 45 per cent.

Britain's output to rise despite loss of jobs

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

MANUFACTURING industry in the UK will continue to increase output but will provide fewer jobs, the Confederation of British Industry's quarterly survey suggests.

For the economy as a whole, the CBI reaches the gloomy conclusion that many of the extra jobs likely to be created over the next six years will be taken by people other than those on the unemployment register.

The CBI says that the survey results, published yesterday, show the seventh successive rise in output since April 1983. The 1,650 companies in the survey, however, indicated that on balance they had been shedding labour over the past four months and expected to continue to do so until next year.

Those likely to take many of the new jobs include people available for work resulting from a rise in the adult population up to 1988.

The "hidden unemployed," many of them women, who have not registered for unemployment benefit but who are nevertheless seeking work are also a factor. So are the "discouraged workers," including many men who have thought it was not worthwhile to seek work during the recession but who would return to work if the jobs market improved.

A special analysis in the latest CBI Economic Situation Report, out yesterday, suggests that for such reasons about 220,000 new jobs will be needed in the next 12 months just to prevent the official tally of unemployed from rising.

For the remaining five years, it says, significant gains in the total number of jobs in the economy will "only register marginal reductions in the unemployment statistics."

Apart from the dominant worry about unemployment, the CBI survey paints a relatively encouraging picture of the health of British industry.

Mr Ian Wrigglesworth, chairman of the CBI's Economic Situation Committee, said yesterday that the UK miners' strike appeared to be having little direct effect on manufacturing industry although recent turbulent events had tended to weaken confidence.

He said: "The underlying economy is continuing to grow, consumer spending is up, exports are higher than last year, and investment is at the strongest level of the past four years."

The principal worry emerging from the survey is that British wage costs will continue to rise faster than those in competitor countries – notably the U.S., West Germany and Japan – and that that will lead to a further fall in the UK's share of world trade.

The survey, which has an excellent track record in monitoring the pulse of British industry, gives a rather more optimistic picture than some recently published government statistics which suggested that the recovery might be faltering.

The CBI acknowledges that recent events have raised serious questions about the vigour of the recovery. Those events include the continued miners' strike; the risk of a revival of inflation resulting from a depreciation of sterling; the risk of further rises in interest rates; and the potentially adverse effect on public borrowing of the recent cut in North Sea oil prices.

The survey does show, however, that the rate of increase in output has slowed down since the summer.

Creditors press for payment of $2bn by Venezuela

By Hugh O'Shaughnessy in London

ONE HUNDRED and fifteen of Venezuela's international trade creditors are joining to seek a swift settlement of the debts owed to them. The group is being advised by Morgan Grenfell, the London merchant bank.

The debt, in respect of arrears on commercial payments, dividend and royalties is estimated at some $2bn.

Earlier this year Morgan Grenfell was involved with 350 companies seeking better payment terms from the central bank of Nigeria for the debts owed to them by that country.

The Venezuelan trade creditor group will be holding its first meeting in November. It will include a wide range of companies, from large European and U.S. multinational companies that have yet to be paid for items supplied to their subsidiaries in Venezuela to small exporters that had extended short-term credit to local purchasers.

The group is hoping to present the same sort of strong arguments as last month resulted in Venezuela's reaching an agreement with its leading bank creditors over the public-sector bank debt of $20.76bn.

In a document issued this month by Morgan Grenfell it comments: "Creditors have been restructuring the supply or credit to threir affiliates and other companies in Venezuala, which is in turn exacerbating the effects of the recession there. Morgan Grenfell's discussions with debtors and other interested parties in Venezuela suggest that this position will not be rectified until the creditors can devise an effective means of presenting the case to the Venezuelan authorities."

The Venezuelan Government operates four different exchange rates, ranging from 4.30 bolivars to the dollar for essential goods and some foreign debts, to 12 bolivars to the dollar for some non-essential imports and capital transactions.

As Venezuelan debtors seek to determine with the Government which exchange rate applies to their transactions, they have virtually ceased servicing their short-term debts.

THE LEX COLUMN

Clearer course for Crocker

Midland Bank must be hoping that future Crocker loans will receive at least half the painstaking attention that its own offer to the Crocker minority shareholders has had over the last three months. The special committee of Crocker directors appointed to safeguard the minority's interests has finally accepted what are clearly better terms from Midland.

The extra cost of the revised deal, as compared with that of the original proposed in July, cannot be quantified precisely. But if Crocker's fortunes sag further, the burden of the deal on its own earnings will now be heavier than it might otherwise have been – while the added cost will be marginal if Crocker can confound the pessimists.

Crocker itself is in the firing line because Midland is proposing, as before, that the subsidiary should purchase the minority shares in exchange for preferred stock which it will itself have to service with an adjustable dividend. The financing cost will easily exceed the annual benefit to Crocker of its recent $385m sale of the Californian head office building and could wipe out all or most of Crocker's net income next year.

The Crocker contribution to Midland's group profits will inevitably revive more slowly in the wake of this transaction, whatever the progress in 1985. Indeed, at present interest-rate levels, Crocker will have to earn about $76m – ahead of servicing the new stock – before the jump in Midland's equity stake fully compensates the parent for the drain of the proposed dividend on Crocker's attributable earnings.

For all that, the only real alternative facing Midland – to seek a sale of its 59 per cent stake at a huge capital loss – surely remains unthinkable. It can now feel at least reasonably assured that the new terms will be approved by the minority shareholders; and it has achieved this while at the same time scotching the bulk of the outstanding U.S. class litigation against it.

Finally, while Midland's shareholders await evidence that the group can really take advantage of a closer integration of Crocker's operations, yesterday's proposals can offer one other, slightly bizarre, comfort. The proposed reorganisation of Crocker's capital means its net worth will rise to just over $88 per ordinary share – only a few cents short of Midland's average purchase price.

Reed International

Reed International has been playing the grim reaper for so long now that the audience might reasonably have expected a costume change with yesterday's interim figures. As it was, Reed continued in the same vein, this time waving its scythe over much of the remaining UK paper-making operations and mumbling darkly about UK printing while it was at it.

Yet, on the evidence of yesterday's numbers, it is very hard to argue that Reed should change its role. The paper-making business lost £3m at the trading level in the six months to September and, given the high value of associated working capital, complete withdrawal would have no adverse effect on cash flow. More to the point, the group's switch from capital-intensive and cyclical operations to lighter, consumer interests has been so strikingly successful that Reed can afford to take a stern line with poorly performing assets.

In the latest six months, rising profits overseas more than compensated for the decline in the UK to leave profits 15 per cent higher overall at £45.2m pre-tax. The UK would admittedly have been levelpegging but for an industrial dispute in the publishing division but – with or without the Mirror – prospects in the UK hardly match those across the Atlantic. The full year should see profits well up at around £115m but, after a higher tax charge, earnings should be almost flat. On that assumption, the shares offer a p/e of just over eight times at last night's price of 470p – a rating which perhaps fails to reflect the great improvement in earnings quality of the past five years.

UK PSBR

Britain's Chancellor could easily have waited until his November statement to tell the world that this year's PSBR might reach £8½bn. But slipping it in two weeks in advance was a canny piece of political timing. With the NUM at its most stubborn, he could chastise the miners for costing the country £1½bn. He could also make his upwards revision without glaring publicity and in time to produce a higher base with which to compare the estimates for 1985-86.

The market had its suspicions that the Chancellor was overstating his case. The fall in sterling should increase Petroleum Revenue Tax receipts by anything up to £1bn and an extra £500m came in from the EEC rebate. Then there are the higher-than-expected proceeds from asset sales.

Anyway, funding pressure should be light, not least because of British Telecom. And for the time being, the government broker should have little difficulty in selling stock. All four of Friday's taplets, totalling £600m, had vanished without trace by yesterday afternoon. The only people feeling depressed in the gilt market these days must be employees of Wedd Durlacher, who are sacrificing their interim bonus for the first time for four years.

UK Government backs down in cheap Atlantic air fares row

BY LYNTON McLAIN IN LONDON

THE BRITISH Government yesterday withdrew its refusal to allow airlines to honour 100,000 cheap tickets sold for use from tomorrow.

The last-minute climb-down, after a government refusal to back down as recently as last Friday, applies only to tickets sold before October 18.

"This decision does not apply to tickets sold after October 18, the date on which these fares were disapproved," the Transport Department said last night.

British Airways said in response that it "will meet its contractual obligation for tickets sold between October 19 and 25, and will accept responsibility for the consequences of doing so."

The airline will be acting outside the law if it does so, the Transport department said. "No risk of prosecution will fall upon the holders of these tickets," BA said.

The change was announced by the Transport Department after airlines said they had no alternative but to carry passengers who had bought cheap tickets, even though they were sold "subject to government approval."

The UK Government blocked plans on October 18 by transatlantic airlines for cut-price winter fares, amid fears that UK airlines might be prosecuted under U.S. anti-trust laws if competitors were put out of business through the impact of low fares.

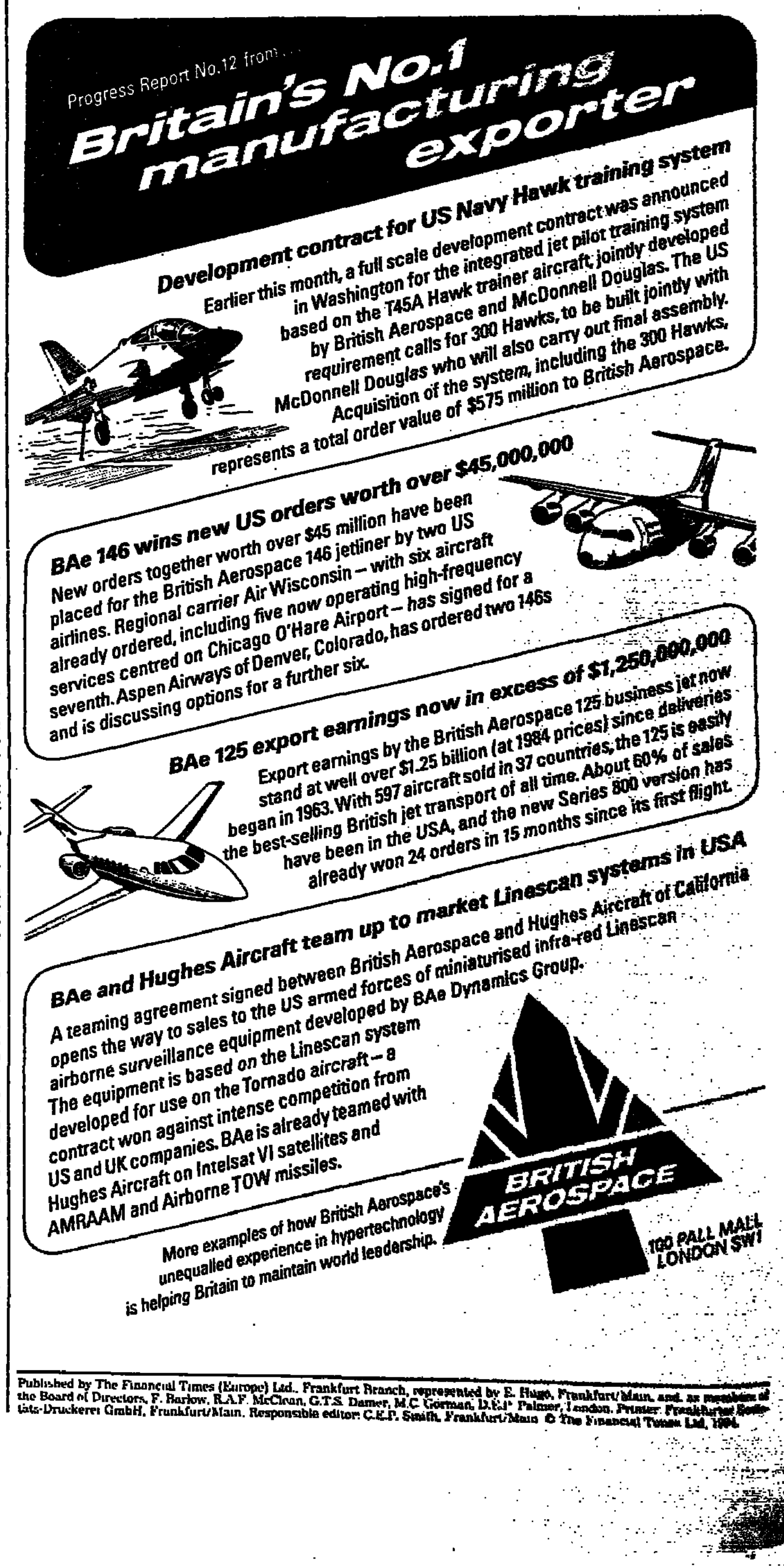
Virgin Atlantic Airways, a newcomer on the North Atlantic route this summer with one Boeing 747 and cheap fares, warned the UK Government that the low fare plans by its larger rivals were "predatory," designed to attack Virgin. British Airways had proposed a £259 return fare between London and New York, £1 more than Virgin's fare.

Despite the "waiving" of the government ban on the cheap tickets sold before October 18, all the proposed cheap tickets by BA, Pan American, Trans World Airlines and British Caledonian over the Atlantic remain "disapproved by the Government," the Transport Department said.

The decision to allow these tickets to be valid for flights at the lower fares, was a "relaxation" by the Government, the department said. "It is not a legal approval for the low fares."

Up to 7,000 people bought cheap tickets after October 18 and airlines might be fined up to £1,000 ($1200) for each passenger who used them, the Transport Department said last night. Passengers with airlines that do not want to take the risk of such fines will have to pay an extra £40 on top of the cheapest £259 London to New York return fare not approved for sale.

More liberal fares policy urged, Page 7



Italian Senate vote supports Andreotti

BY JAMES BUXTON IN ROME

THE ITALIAN Senate last night rejected a Communist-led motion calling for the resignation of Sig Giulio Andreotti, the Foreign Minister, by a substantial majority.

However, the outcome of the vote was thought unlikely to clear away all the doubts over the future of Sig Andreotti, a long-serving politician. Nor was it likely to do much to calm the considerable tensions within the five-party coalition government of Sig Bettino Craxi, leader of the Socialist party.

The Senate debate was officially devoted to discussing the scandal during the 1970s over Sig Michele Sindona, the financier now in jail. It focused on the role in the affair of Sig Andreotti, then Prime Minister, who is accused of having tried to save the bankrupt financier.

Sig Andreotti's future suddenly became an important political issue this month when an earlier motion demanding his resignation was defeated in the Chamber of Deputies, the lower house.

Although about 50 government MPs voted for his resignation, the motion's defeat was ensured by the abstention of the Communist Party.

The Communist Party then abruptly embarked on a vigorous campaign for the removal of Sig Andreotti, despite the long and friendly relations he had previously had with the main opposition party.

The danger of the Minister's having to leave office as a result of the vote was diminished by a controversial ruling by Sig Francesco Cossiga, the Christian Democrat president of the senate. He ordered that the vote be held on an open, roll-call basis, rather than secret ballot, as might have been expected. That makes it difficult for government MPs this time to oppose their party line.

Sig Craxi was expected last night to make a speech in defence of the former Prime Minister since his departure would gravely damage the Government and might even prompt its resignation.

Earlier in the day, Senator Ferrara Salute, from the small Republican Party, which is part of the ruling coalition, came close to condemning the minister's past behaviour, a move that will do nothing to restore harmony in a coalition government already shaken by divisions on several important issues.

The Communist Party will, however, get another chance to challenge *the Foreign Minister* next month when the Chamber of Deputies should vote on another questionable episode in the minister's past – his supposed role in the appointment of General Raffaele Giudice, a corrupt chief of one of the secret services.

In that case, the vote should be by means of a secret ballot.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	S	21	70	Malaga	F	21	70	Salzburg	S	9	48
Akrotiri	S	26	79	Faro	S	21	70	Malta	T	17	63	Seoul	F	11	52
Algiers	S	22	72	Florence	S	21	70	Manila	C	29	84	Singapore	C	31	88
Amsterdam	S	14	57	Frankfurt	S	13	55	Miami	S	28	82	Stockholm	C	12	54
Athens	C	22	72	Funchal	S	22	72	Milan	F	10	50	Strasbourg	—	—	—
Bahrain	S	32	90	Geneva	C	6	43	Moscow	S	2	36	Sydney	R	17	63
Bangkok	S	32	90	Gibraltar	F	20	68	Munich	F	4	39	Taipei	F	22	72
Barcelona	S	20	68	Guernsey	S	15	59	Nairobi	F	24	75	Tangier	S	23	73
Beirut	S	25	77	Helsinki	R	7	45	Naples	S	20	68	Tehran	—	—	—
Belgrade	C	13	55	H. Kong	S	25	77	New Delhi	S	31	88	Tel Aviv	S	29	84
Berlin	C	15	59	Innsbruck	S	13	55	New York	C	24	75	Tenerife	S	27	81
Biarritz	—	—	—	Inverness	S	13	55	Nice	S	21	70	Tokyo	F	17	63
Blackpool	C	12	54	Istanbul	C	15	59	Oporto	F	20	68	Toronto	F	14	57
Bordeaux	S	17	63	Jersey	F	15	59	Oslo	S	13	55	Tunis	T	22	72
Brussels	S	18	64	Jo'burg	C	26	79	Paris	F	11	52	Valencia	F	18	64
Budapest	Fg	6	43	Las Palmas	S	25	77	Prague	S	6	43	Venice	S	16	61
B. Aires	F	23	73	Lima	C	20	68	Reykjavik	C	1	34	Vienna	C	3	37
Cairo	C	26	79	Lisbon	S	16	61	Rio de J'o	S	35	95	Warsaw	C	11	52
Cape Town	S	19	66	Locarno	S	15	59	Rome	S	22	72	Zurich	S	9	48
Caracas	C	27	81	London	F	18	64								
Casablanca	S	19	65	Los Angeles	F	24	75								
Copenhagen	C	13	55	Luxembourg	S	12	54								
Corfu	S	24	75	Madrid	S	16	61								
Dublin	F	14	57	Majorca	F	21	70								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Polish priest's body found

By Christopher Bobinski in Warsaw

POLISH POLICE divers yesterday afternoon found the body of father Jerzy Popieluszko, aged 37, the pro-Solidarity priest kidnapped on October 19 by three security men, who have since been arrested.

The search lasted two days in a reservoir near Wloclawek, where the kidnappers said they had dumped the body. The priest's body has been taken to a forensic labora*tory in Warsaw and the government* announcement says the authorities are in constant touch with the Polish bishops.

Mr Jerzy Urban, the government spokesman, stated that the authorities had nothing to fear from the priest's funeral and the tension it will arouse, but Solidarity supporters have said it will be a powerful demonstration of support for their cause.

Special precautions are being taken to safeguard the lives of three *security men arrested last week in* connection with the murder, according to Mr Urban.

That is connected with the hypothesis that someone is standing behind these three. "We do not want anything to happen to them," Mr Urban explained.

"As yet we have no firm evidence, but one of the assumptions General Czeslaw Kiszczak, the Interior Minister, is working on is that there could be 'powerful people' behind this," he suggested. "This aspect of the *case is being examined* very carefully."

He added: "We must also remember that the three may be counting on someone to help them and that they are tailoring what they say in the investigation accordingly."

Mr Urban also implied that one of the party officials about to take responsibility for the incident would be Mr Miroslaw Milewski, the party secretary in charge of security.

Asked why Mr Milewski had not been mentioned in a vote of confidence passed by the party central committee at the weekend, Mr Urban noted that the resolution had said the party politburo would be examining the question of party "guidance" over security

Setback for hardliners, Page 3

Cures suggested for EEC unemployment

Continued from Page 1

The report also calls for the EEC, Japan and the U.S. to co-ordinate their economic strategies in order to overcome the severe effects of any future slowdown in the U.S. economy.

It warns that "a correction of the present unsustainable growth rate and balance of payments deficit of the U.S. is the most likely source of change in world trade and financial conditions."

"Europe and Japan should seek to assure that their own economic recoveries prove self-sustainable as and when the U.S. moves, presumably in 1985, to reduce its balance of payments and budget deficits."

This could involve "a co-operative set of policy adjustments on all sides, and a more positive management of exchange rate relations between the three parties."

The growth of unemployment in the Community as a whole has slowed down, but not stopped over the past year, it says. For the short-term, the growth rate of gross domestic product would have to rise from just over 2 per cent to about 2.5 per cent for unemployment even to stabilise.

The Commission's forecasts of jobless figures for 1985 indicate at best a stabilisation or slight decline in a few countries, including the UK, West Germany and Denmark, with further rises elsewhere.

It points to the rise both in youth unemployment and the long-term jobless as the most disturbing aspects of the overall problem.

The report contrasts the experience of investment policies in job creation in the EEC, U.S. and Japan, blaming a persistent rise in real labour costs in Europe for development of labour-saving activities

Labour costs relative to the return on capital increased at an estimated rate of about 4 per cent a year, cumulatively for 10 years.

The report also proposes a set of macro- and micro-economic policies intended to get the Community's economy performing more satisfactorily. They include:

- A pause in the growth of public expenditure, while maintaining investment in the improvement or renewal of infrastructure.
- A substantial reduction in tax burdens, especially on employment and enterprise, with a target of a 1 *per cent cut per year in the GDP* share of taxation.
- Greater co-ordination of member states' control of budget deficits, with a "pause in the reduction of deficits" from those – such as West Germany and the UK – where these are now effectively under control.

EMPLOYMENT AND LABOUR FORCE GROWTH

		EEC	U.S.	Japan
Employment growth	1960-82	3.4m	33.7m	12.0m
Employment growth	1982-84	−0.8m	4.4m	1.6m
Population of working age	1960-82	22.3m	45.9m	20.3m
Employment-population ratio	1960	65.8%	60.9%	74.5%
	1982	59.4%	64.7%	70.6%
Participation rate*	1960	67.3%	66.8%	75.8%
	1982	65.1%	72.7%	72.3%

** Labour force as % of working age population*

Opec agreement close

Continued from Page 1

been an important factor undermining the price structure

Dr Mana Said al Otaiba, United Arab Emirates Oil Minister, was clearly frustrated and angered by Saudi Arabia's adamant opposition to any immediate revision of differentials.

It is believed that top-level communications between the Kingdom and the UAE may have taken place before he reluctantly dropped his demand for immediate action.

Given the difficulties in concluding an accord on the distribution of quotas, there would have been little

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FINANCIAL TIMES
Wednesday October 31 1984

Warner-Lambert profits rise despite strength of dollar

BY TERRY BYLAND IN NEW YORK

WARNER-LAMBERT, the U.S. health care group, registered a further strong gain in earnings in the third quarter to stay on target for its projected record earnings of $2.80 a share – or better – for the full year.

Mr Ward Hagan, chairman and chief executive officer, said third-quarter net earnings put on 13 per cent to $57m or 71 cents a share. Sales, held back by the effects of the strength of the dollar, gained only 3 per cent to $798m. Had the dollar remained stable, the sales gain would have been 9 per cent, said Mr Hagan.

At the nine month stage, earnings show a gain of 14 per cent at $173m or $2.16, on sales of $2.4bn against $2.3bn. For the whole of fiscal 1983, Warner-Lambert earned $209.5m of $2.51 a share.

Earnings benefited in the third quarter from a significant reduction in the tax rate, resulting from recent U.S. tax legislation. Mr Hagan said the reduction in the group's tax rate remained a "key element" in the strategy of increasing after-tax margins pursued since the corporate restructure commenced in 1979.

Results were also boosted by strength in the domestic ethical pharmaceutical divisions and in the confectionery operations.

The health technologies divisions, which sell diagnostic and medical-surgical products, were weakened by tighter cost controls imposed both in private hospitals and by the U.S. Government's revised Medicare payments scheme.

International sales, which make up about 44 per cent of the group total, fell 2 per cent in the third quarter, because of the strong dollar. Without this factor, sales would have shown 7 per cent growth.

Mr Hagan said that the group had continued to invest heavily in research and development, particularly in the consumer health care sector, where it is best known for Listerine, the antiseptic mouth wash.

U.S. GROUP CAUTIOUS OVER MERCHANT BANKING VENTURE

Milestone for First Interstate

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

FIRST INTERSTATE BANK of Los Angeles, which has just bought the London merchant banking arm of Continental Illinois, the troubled Chicago Bank, intends to keep its new acquisition on a tight rein.

"I do not want to wake up one morning and hear we have large losses in London," said Mr Joe Pinola, chairman, who was in the UK for the relaunching last week. The bank, for which FIB paid a $6m premium over its net asset value of £15m ($18.1m) is to be called First Interstate Ltd.

FIB's caution is understandable. Mr Pinola, who learnt the banking business in his 23 years with Californian rival Bank of America, is known for his firm style of management and desire for steady, rising profits.

This is also the first big merchant banking venture abroad for a bank which has only limited foreign experience despite its vast size, and even less experience of the decidedly riskier and more entrepreneurial business of merchant banks.

So the acquisition marks something of a milestone in FIB's evolution and is being watched with interest by members of the U.S. banking community.

FIB, with assets totalling $45bn, is America's seventh largest bank and California's second after Bank of America. But it is more like a federation of several small banks than a single large group.

In the 1930s it was one of the few banks that was "grandfathered" when laws banning interstate banking were enacted, and today it has survived with subsidiaries and branches in 11 western states. In addition, it has franchised banks in three more states, meaning that the First Interstate name appears in more U.S. communities than any other bank.

Primarily a domestic bank, its foreign ventures have been concentrated mainly on the Pacific "rim," of which California is part. It has a branch in London, which was losing money until recently because of the weakness of the international loans market. It has recently been building up an investment banking operation in New York.

The sale of Continental Illinois's merchant bank gave FIB an opportunity, Mr Pinola says, to enter a new market and expand the range of financing products for its corporate clients, most of which are medium-sized companies.

"Everyone talks about going for the 'middle market'," he said. "We are the middle market!"

At the same time, FIB's 1,000-odd branches should give the merchant bank what Mr Pinola calls "a Merrill Lynch-type" retail network through which to sell the securities in which it deals and underwrites. "We fit like a glove."

First Interstate Ltd (FIL) has a balance sheet of £250–£300m and will keep its full banking licence under new ownership. Most of the senior management, including Mr Al Page, the chief executive, are staying on and are negotiating a share of the profits as part of the terms of the sale.

Mr Page says the bank suffered a run when Continental Illinois hit its crisis last summer and virtually ceased trading for a while. "We came back into business on August 1," he said, adding that the bank had been able to participate as underwriters to several Euromarket issues and had arranged swap deals as well. It had recently co-led, with Morgan Stanley, a $100m note issue for Finnish Export Credit.

He said the bank would concentrate on its previous specialisations, which were mainly trade finance, securities trading and underwriting, especially at the short end of the market, and real estate finance. But the recent liberalisation by the Bank of England of limits on bank ownership of foreign exchange and money brokers was "interesting," he said.

Mr Pinola does not intend to make a big capital injection at this stage to boost growth, but he said funds would be available to help the bank expand as necessary.

American Can in negotiations for sale of Canadian unit

BY BERNARD SIMON IN TORONTO

AMERICAN Can is negotiating the sale of its Canadian subsidiary to a small investment company in which several major Canadian financial institutions have an interest.

Both parties declined to comment on negotiations, but Mr Barry Pocock, president of American Can Canada, confirmed that the U.S. parent plans to sell the wholly-owned Canadian operation. A sale price of C$200m (U.S.$152m) is thought possible.

The Vancouver-based group, First City Financial earlier this year called off plans to buy American Can's Canadian and British packaging operations. No reasons were given.

The reported buyer of American Can Canada is Onex Capital Corp, a Toronto-based company formed earlier this year specialising in leveraged buyouts. Its shareholders include Royal Bank, Imperial Life, Toronto-Dominion Bank, the state-controlled Canada Development Corporation and a number of individual investors. Onex's existing investments include a 500-store Canadian retail chain and a U.S. chemical fertiliser manufacturer.

American Can operates 13 packaging plants in Canada. The company has recently lost market share in the can business following investments in two piece aluminium cans by its major competitor Continental Can Canada. Continental has been controlled by a Canadian company since May 1983 when the U.S. parent sold most of its interest.

Georgia-Pacific surges ahead in third quarter

BY OUR NEW YORK STAFF

GEORGIA-PACIFIC, the biggest U.S. forest products group, increased its third-quarter operating profits by 75 per cent to $110m backed by a 10 per cent rise in sales to $1.89bn.

Net income in the third quarter totalled $83m, or 76 cents a share, compared with $3m or 3 cents a share, in the comparable period last year, when GP's results were depressed by $58m of unusual items.

The latest figures were boosted by a $19m pre-tax gain on the sale of the company's previous headquarters in Portland, Oregon.

Mr T. Marshall Hahn, GP's chairman and chief executive, said that the group's performance continued to improve in the third quarter despite weakening markets for some building and paper products. Operating profits in the building products operations rose 20 per cent in the third quarter. In the pulp and paper segment, they were up fourfold.

Net income for the first nine months of 1984 rose from $89m to $218m, or $1.99 per share. Sales rose 10.5 per cent to $5.3bn for the nine-month period.

Bell Canada Enterprises on acquisition trail

By Robert Gibbens in Montreal

BELL CANADA Enterprises is looking for more acquisitions that could support a steady dividend stream, according to Mr A. J. de Grandpre, chairman, but no move is imminent, either in Canada or the U.S.

BCE could, however, participate in the acquisition of the federally owned Teleglobe Canada international communications company with other Canadian telephone utilities, he said.

BCE owns the regulated Bell Canada telecommunications system and controls more than 70 unregulated businesses, including Northern Telecom.

Restructuring plan for British Columbia bank

BY OUR TORONTO CORRESPONDENT

THE VANCOUVER-BASED Bank of British Columbia has unveiled a sweeping financial restructuring plan to staunch losses and strength investor and customer confidence.

Mr Edgar Kaiser, who took over as chairman and chief executive officer a month ago, said the package includes the sale of almost all the bank's non-performing property loans and a substantial infusion of new capital.

Bank of BC suffered a net loss attributable to common shareholders of C$800,000 (U.S.$610,000), in the nine months to July 31, compared with a C$7.4m profit a year earlier. The bank's problems stem largely from heavy exposure to the ailing western Canadian property market. Assets totalled C$3.2bn on July 31.

The bank is to sell problem loans, valued in its books at C$110m to a Calgary investment company for C$65m. The bank will have an 18-month option to acquire up to 35 per cent of the company's equity.

Capital will be immediately strengthened by a private issue of common shares worth C$55m and by the acquisition of the assets of an affiliated property investment trust. According to Mr Kaiser the net result of these measures will be a C$30m increase in the bank's equity to C$155m. The shares have been taken up by about 20 individuals and institutions.

U.S. insurance broker shows steady rise

By Our New York Staff

ALEXANDER & Alexander Services, the world's second biggest insurance broker, increased its third-quarter net income by 18 per cent to $8.7m and said that it expected its performance to improve over the balance of the year.

The group, which operates in over 80 cities in the U.S., another 49 cities overseas and owns Alexander Howden in the UK, reported a $1.4m rise in third-quarter revenues to $138m.

For the first nine months, Alexander & Alexander's net income from continuing operations is down from $18.9m to $16.8m, or 63 cents per share.

Texaco and Chevron earnings turn lower

BY OUR NEW YORK STAFF

TEXACO and Chevron, the third and fourth biggest U.S. oil companies, have reported sharply lower third-quarter profits, reflecting lower world oil prices and a severe squeeze on operating margins in their downstream refining and marketing operations.

Texaco, which paid $10.2bn for Getty Oil earlier this year, yesterday reported a 29 per cent drop in third-quarter net income to $235m.

Chevron, which paid $13.3bn for Gulf Oil earlier this year, reported a 33 per cent drop in net income to $342m for the same period.

Although both companies' earnings benefited from their recent acquistions, weaker oil prices and fierce competition in their refining operations led to the sharp profit decline. Their results contrast with the third-quarter performances of Exxon and Standard Oil Company (Indiana), both of which have reported marginally higher earnings.

Mr George Keller, chairman of Chevron, said that downstream earnings for the oil industry in general were still suffering from the competitive pressure of excess refining capacity and a very ample supply situation.

Texaco's nine-month earnings are 12.2 per cent lower at $858m, or $3.39 per share, while Chevron's are 7 per cent down at $1.1bn, or $3.22 per share. Chevron says that for the 12 month period to end September its return on capital employed was 7.6 per cent.

Chevron's third-quarter worldwide refining and marketing operations lost $52m compared with a $101m profit in the same period last year.

INTL. COMPANIES & FINANCE

Accountants defend Fan Mitchell

By David Dodwell in Hong Kong

THE HONG KONG Society of Accountants has come to the defence of Fan Mitchell and Company, a leading local accountancy practice which was censured in August by the Territory's Securities Commission over its part in a frustrated HK$280m (U.S.$35.9m) takeover bid.

The Society said that Fan Mitchell had not breached its code of ethics and professional conduct in its role as financial adviser to Tai Sang Land, a property company controlled by the Ma family in Hong Kong, which fought off a protracted takeover bid from the Singapore-based United Industrial Company (UIC).

Tai Sang was censured for failing to provide financial information about the company's performance to minority shareholders when the takeover bid was made. Fan Mitchell was censured for its "apparent inability" to persuade the Tai Sang board to fulfil its obligations under the code.

Jump in first-half profits at All Nippon Airways

BY ROBERT COTTRELL IN TOKYO

ALL NIPPON AIRWAYS (ANA), Japan's largest domestic airline, has reported a 10-fold increase in parent company pre-tax profits for the six months to September 30. ANA reported profits before tax and extraordinary items of Y7.07bn ($28.8m), compared with Y735m at last year's halfway stage. Net profits were Y3.94bn compared with Y595m.

However, the company says that, for the full year to March 1985, it expects to report profits of Y7.4bn before tax and extraordinary items, slightly down on the Y8bn reported for 1983-84.

ANA reported a 10 per cent year-on-year increase in the number of passengers carried, its fastest growth since the first half of 1979, but says that it may see slower passenger demand in the second half of the current year, for seasonal reasons. ANA ranks in the world's top 10 airlines in passenger volume terms.

● Hitachi Maxell, the publicly-quoted magnetic tape-manufacturing subsidiary of the Hitachi group, suffered a fall of 3.5 per cent in parent company net profits for the six months to September, to Y7.77bn. Profits before tax and extraordinary items rose slightly from Y16.58bn to Y17bn, and sales edged up from Y73.46bn to Y74bn.

The company has declared an interim dividend of Y8.25 per share, and said it plans to pay the same at the year-end, maintaining last year's total. It says full year profits after tax will fall slightly to Y15.6bn from Y15.99bn last year on sales of Y154bn, an increase of 6.1 per cent.

Hitachi Maxell says sales growth is being led by magnetic tapes. The company also makes batteries and floppy discs.

● Ajinomoto, the world's dominant manufacturer of monosodium glutamate, lifted profits for the six months to September 30 by 5 per cent to Y13.47bn ($54.8m) on sales up 7 per cent to Y216.4bn. Sale growth was led by seasonings, frozen foods, and amino acids.

The company expects to earn Y29.5bn before tax and extraordinary items for the full year against the Y28.33bn of 1983-84 and says it will maintain its dividend total at Y10 per share.

● Mitsubishi Motors Corporation, the privately-held Japanese automobile manufacturer, says interim profits for the six months to September rose by 29.6 per cent to Y8.02bn on sales 19.3 per cent higher at Y664.74bn.

Exports were particularly strong, rising by 50,000 units to 323,000. Domestic sales were 20,000 units ahead, at 256,000. Minicar and truck sales increases offset weaker demand for passenger cars.

MMC says full-year profits before tax are expected to reach Y16bn, net profits Y8bn and sales Y1,390bn.

Advance in sales and earnings at Iscor

By Jim Jones in Johannesburg

ISCOR, the South African state-owned steel manufacturer, increased turnover to R2.7bn ($1.4bn) in the year to June 30 from R2.3bn in the preceding year. Trading profit calculated on the basis of historical costs, rose to R525m from R185m. Liquid steel output rose to 5.89m tonnes from 5.62m tonnes while iron ore production increased to 17m tonnes from 13m tonnes.

Mr Floors Kotzee, the chairman, repeats in the annual report that Iscor does not intend increasing its basic steelmaking capacity for at least 10 years. The intention is gradually to increase domestic sales and simultaneously reduce exports.

Iron ore exports increased to 10.4m tonnes from 8.1m tonnes but remain unprofitable. Rail tariffs for iron ore exports have been reduced since the start of October 1984 but Mr Kotzee does not say if this will contribute to returning ore exports to profitability. He believes that the rand's persistent weakness will assist Iscor's steel export effort but warns that domestic demand for steel products is likely to decline in the current financial year.

AAIC share flotation postponed

BY MARY FRINGS IN BAHRAIN

A U.S.$50m public share flotation for the Arab Agricultural Investment Company (AAIC), which is now under formation in Bahrain, has been postponed until the end of December. This will give more Arab countries time to approve the offer of shares in their own markets as well as in Bahrain, according to Sheikh Saleh Abdullah Kamel, the chairman of AAIC's provisional board.

AAIC will invest in agricultural projects throughout the Arab world but particularly in Sudan, where the four-year-old Damazine development in the central region south east of Khartoum is already showing a profit.

However, AAIC's objective will be to improve the productivity of small farming units and to organise packaging, transportation, and marketing rather than to tie up capital in long-term land reclamation and infrastructure development.

● Al Bahrain Arab African Bank (Albaab) called representatives of 19 other international banks to a meeting in Bahrain on Saturday to discuss the rescheduling of a U.S.$80m syndicated loan for which it is the agent.

The loan, for a prominent Kuwaiti bank official, had been rolled over on a monthly basis since April, and the borrower had asked for it to be restructured over five years with a three-year grace period.

It was decided at the meeting that the borrower must bring his most recent monthly interest payment (which carries a 1 per cent penalty over the normal rate) up to date, and provide additional security to make up the shortfall in value, before the banks would consider his request.

Austerity measures hit Amrel

By Our Johannesburg Correspondent

AMALGAMATED RETAIL (Amrel), the furniture and footwear retailing subsidiary of South African Breweries, has been badly affected by higher sales tax and austerity measures introduced in July and August. Turnover rose to R230.9m ($120m) in the six months ended September 30, but increasingly difficult trading conditions led to narrower margins and pre-tax profits fell to R7.5m from R10.9m. For the full year to March 1984 turnover was R410.8m and pre-tax profits R28.2m.

Mr Ronnie Cohen, the chairman, says the earnings decline reflects a dramatic fall in consumer spending since July. First-half earnings fell to 58.7 cents a share from 80.2 cents and the interim dividend has been reduced to 20 cents from 26 cents. For all 1983-84 earnings were 206 cents a share and a dividend total of 71 cents was paid. SA Breweries owns 74.3 per cent of Amrel.

Kamunting dissidents call meeting

BY WONG SULONG IN KUALA LUMPUR

THE BATTLE for control of Kamunting Tin Dredging, a small listed company, between the giant Malaysian Mining Corporation group and Datuk Koh Kim Chai, will be decided at an extraordinary general meeting to be held on December 3.

The meeting has been called by shareholders supporting Datuk Koh, who is believed to hold 30 per cent of Kamunting compared with MMC's 24 per cent.

It will consider eight resolutions, including the removal of the present four MMC directors on the Kamunting board and their replacement by Datuk Koh's nominees; the termination of Pernas Charter Management, the MMC management company, as Kamunting's managers; and the appointment of Datuk Koh as managing director.

Datuk Koh, a lawyer-turned-businessman, who joined the Kamunting board 29 months ago, has claimed that MMC nominated directors have gone back on their promise to sell MMC's stake to him, at 6 ringgit per share.

He has also claimed that the MMC directors have rejected several acquisition proposals put forward by him which would have given new direction to Kamunting, which ceased tin mining two years ago following the depletion of its deposits.

The MMC directors have denied that there was any agreement to sell out to Datuk Koh, and said his acquisition proposals were rejected on the advice of professional bankers and valuers.

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INTL. COMPANIES & FINANCE

Bouygues plans holiday venture with state group

BY PAUL BETTS IN PARIS

BOUYGUES, the leading French private construction group, and Agence Havas, the state-controlled advertising, communications and travel group, have decided to team up in a joint venture to develop hotel and holiday complexes in France and eventually in other countries.

The groups yesterday announced the setting up of a joint company, Latitudes, which will develop holiday complexes at French seaside and mountain resorts.

The move represents a further diversification by both groups. Havas, which is Europe's largest advertising agency and France's largest travel agency, is now developing a major presence in the video business and and is the largest shareholder in Canal Plus, the French pay-television channel which begins regular broadcasts tomorrow.

The move into the hotel business will now complement the group's travel activities. In Bouygues it found a ready and complementary partner, since Bouygues also wanted to expand its property activities, M Pierre Dauzier, Havas' managing director, said yesterday.

The two groups envisage developing hotel or holiday residence complexes of about 500 beds each with sports and entertainment facilities. "We hope to reach about 5,000 beds in all in the next three to four years," said M Marc Amoudry, the new venture's managing director.

He added that the target was to open about two new establishments a year, one in a mountain resort and the other at a seaside resort. There are also plans to open a hotel complex in the Paris area.

Bouygues and Havas already each own a hotel or holiday complex. These will now be integrated in the joint venture.

Sharp advance for Elkem

By Fay Gjester in Oslo

ELKEM, the Norwegian metals, mining and manufacturing group, expects 1984 profits of over NKr 450m ($50.9m) compared with NKr 159m last year. The forecast comes with the nine-month figures, which show profits, before taxes and extraordinary items, of NKr 372m, against NKr 31m for the same period a year ago.

Sales totalled NKr 5.5bn for the nine months, up from NKr 4.4bn. Operating profits more than doubled to NKr 557m, and net financial costs fell to NKr 185m from NKr 236m.

Ferro alloys made the main contribution to sales, with a contribution of NKr 2,893m, more than NKr 1bn up on last year's return.

The outlook for aluminium is less favourable. For this year, however, Elkem's aluminium division will show "a very good result."

In steel, Elkem's subsidiary, Christiania Spigerverk, which recently agreed to merge with Norsk Jernverk, made a modest profit.

Ciments Francais plans $112m U.S. takeover

BY OUR FINANCIAL STAFF

SOCIETE des Ciments Francais, the big French cement producer, is to acquire Louisville Cement of the U.S. in a deal worth $112.5m.

The French company operates 15 cement plants with an annual capacity of 15 tonnes. Louisville Cement will bring into the group an additional 1.5m tonnes of production.

The deal is to be made through Coplay Cement, a U.S. unit of Ciments Francais. Shareholders of Louisville will receive $72 a share in cash, and holders of 57 per cent of the company have signed binding acceptance agreements.

Louisville Cement expects the takeover to be completed early in 1985.

Coplay Cement has about 1.5m tonnes of annual cement production capacity and the merger will double capacity to about 3m tonnes.

Mr Gene P. Gardner will continue as chief executive of Louisville Cement.

Aker raises profits forecast

NRWAY'S Aker offshore fabricating and engineering group, which has been restructured over the past two years to eliminate loss-making shipbuilding activities, reports a profit of NKr 63.2m ($7m) in the first eight months of 1984, and forecasts full-year profits of NKr 90m, before extraordinary items and tax.

The full-year expectations are around NKr 5m better than Aker's forecast a few months ago. Because of the recent reorganisation, the figure is not directly comparable.

Orders secured during the eight months were worth NKr 1.1bn, and orders on hand at end-August were worth NKr 1.7bn.

WestLB to lift French unit's capital base

BY JOHN DAVIES IN FRANKFURT

WESTDEUTSCHE Landesbank (WestLB), West Germany's biggest public sector bank, is building up the capital and operations of Banque Franco-Allemande, the French bank in which it is the biggest shareholder.

WestLB said yesterday that the Paris-based bank's capital of FFr 88m ($9.4m) would be increased by a further FFr 240m in three tranches by 1988. This would lay the basis for Banque Franco-Allemande to expand its lending and to build up its service business.

WestLB has an 88 per cent stake in Banque Franco-Allemande, along with three other publicly-owned West German banks. Landesbank Saar and Wurttembergische Kommunale Landesbank each have 5 per cent and Landesbank Rheinland-Pfalz has 2 per cent.

It is not yet known whether the smaller banks will join in the capital increase or allow their stake to decline.

Herr Friedel Neuber, WestLB's chief executive, indicated that the French bank had an important role in WestLB's strategy of strengthening its foreign business, with emphasis on the EEC.

Banque Franco-Allemande, formed 25 years ago, has built up its balance-sheet total from FFr 2.17bn four years ago to FFr 7.1bn.

U.S. QUARTERLY RESULTS

BURLINGTON INDUSTRIES
Textile products

Fourth quarter	1983-84 $	1982-83 $
Revenue	746.1m	798.6m
Net profits	22.6m†	32.9m
Net per share	0.78†	1.15
Year		
Revenue	3.17bn	2.98bn
Net profits	62.4m	88.5m
Net per share	2.18	3.10

†Loss

R. R. DONNELLY
Commercial printer

Third quarter	1984 $	1983 $
Revenue	471.1m	411.4m
Net profits	39.2m	33.7m
Net per share	1.03	0.88
Nine months		
Revenue	1.28bn	1.1bn
Net profits	92.8m	79.9m
Net per share	2.43	2.09

USF & G
Property and casualty insurance

Third quarter	1984 $	1983 $
Revenue	729.3m	682.4m
Net profits	31.4m	39.3m
Net per share	0.58	0.88
Nine months		
Revenue	2.06bn	1.74bn
Net profits	89.3m	123.6m
Net per share	1.65	2.14

CENTEL
Telephone, electric utility

Third quarter	1984 $	1983 $
Revenue	345.3m	331.6m
Net profits	34.6m	30.6m
Net per share	1.24	1.11
Nine months		
Revenue	1.05bn	928.5m
Net profits	94.1m	85.2m
Net per share	3.37	3.11

ENSERCH
Oil and gas services, engineering

Third quarter	1984 $	1983 $
Revenue	800.5m	886.2m
Net profits	15.9m	18.7m
Net per share	0.17	0.23
Nine months		
Revenue	2.74bn	2.88bn
Net profits	86.9m	76.1m
Net per share	1.20	1.34

WASTE MANAGEMENT
Waste disposal

Third quarter	1984 $	1983 $
Revenue	341.0m	264.6m
Net profits	39.1m	33.8m
Net per share	0.80	0.70
Nine months		
Revenue	926.8m	765.6m
Net profits	103.3m	91.5m
Net per share	2.13	1.90

Saleninvest dismisses two senior executives

By Kevin Done, Nordic Correspondent, in Stockholm

SALENINVEST, the financially troubled Swedish shipping group, had share trading halted yesterday following news that two senior executives had been dismissed.

The last share price quoted was SKr 27 compared with a 1983-84 peak of SKr 183. The board meets this morning and a statement is expected on the group's immediate financial prospects.

The company has already warned that it expects to run up considerable losses this year despite substantial asset disposals. It has opened negotiations with creditors aimed at postponing repayments of SKr 250m due next year on SKr 3.4bn of outstanding debt.

It was revealed yesterday that Mr Björn Byrfors, head of the group's dry cargo operations, Saleninvest's second largest division, had been dismissed. At the same time, Mr Per Barre, head of the New York office which is deeply involved in the dry cargo operations, has also been dismissed.

The Swedish state is one of the company's main creditors, having given guarantees worth SKr 1.2bn on several vessels built for Saleninvest.

German tools group linked with Maffei

By Peter Bruce in Bonn

GROB-WERKE, the West German machine tool group, has declared an interest in buying a stake in Krauss-Maffei, the arms and locomotive building subsidiary of the Friedrich Flick industrial group.

It is thought that a bid from Grob, which Flick said had not been formally made, would form part of the drawn-out attempt by Messerschmitt-Bölkow-Blöhm (MBB), the country's major aerospace contractor, to take effective control of Krauss-Maffei.

There was no confirmation yesterday that MBB and Grob were, in fact, acting in concert, but industry ovservers felt yesterday that it was improbable that Grob, fith an annual sales of just DM 180m ($58.6m), would be acting on its own.

MBB's first attempts to buy a controlling stake in Krauss-Maffei, which makes the Leopard tank, were frustrated last summer by resistance from the Defence Ministry in Bonn and the cartel authorities.

Since then, MBB is thought to have been trying to put together a consortium to buy the tank producer from Flick, in which its own stake would not be dominant.

MBB is thought likely to make its position on Krauss-Maffei clear late in November, when its supervisory board, indirectly controlled by the Federal and Bavarian governments, is due to meet.

It is widely believed that any take-over of Krauss-Maffei, which made profits of DM 7m on a turnover of DM 2bn in 1983, would have to involve a third partner, possibly a bank or group of banks, with MBB's actual stake fixed just below 50 per cent.

Kredietbank sees growth

By Our Financial Staff

KREDIETBANK, Belgium's third largest bank, has forecast that net profits for the year ending March 1985 will probably exceed the BFr 1.9bn ($30m) earned in 1983-84.

In the first half operating profit rose on a growth in the balance sheet total and a better control of costs. Profit figures were not disclosed, but Kredietbank said the positive trend for operating earnings "is expected to continue during the second half."

The bank's balance sheet total rose by 18 per cent to BFr 802.6bn on September 30 from BFr 680.2m a year earlier.

INTL. COMPANIES and FINANCE

Paul Taylor on steps being taken to meet debt problems

U.S. banks look to their loan risks

DESPITE the U.S. economic recovery, the major U.S. banks continue to be troubled by poor credits and bad loans, particularly to domestic borrowers in the energy, property and agricultural sector and in Latin America.

But the third quarter results from the U.S. majors highlight not only the credit problems, but also the increasing pressure the banks are coming under from regulators and others to bolster their primary capital ratios and reserves against loan risks.

Larger loan write-offs and higher quarterly provisions helped depress net earnings. The biggest 15 reported total such earnings of $948m, or 10.3 per cent less than the already depressed levels of the 1983 third-quarter.

Among those reporting sharp declines were Continental Illinois, Crocker National and First Chicago, the last of which reported a $71.8m loss reflecting its decision to "bite the bullet" and write-off troubled domestic and foreign loans.

Among the quarters' brightest performers were Bankers Trust, which posted a 26 per cent increase in earnings, BankAmerica and J. P. Morgan, all of which cited higher net interest income and fees as contributing to their earnings growth. Bankers Trust also led the league table for return on equity, posting a 16.47 per cent return, followed by Security Pacific, 15.9 per cent and J. P. Morgan 13.8 per cent. Bankers Trust also came third after J. P. Morgan and Security Pacific in the other key profitability ratio, return on assets.

Comparisons between the U.S. majors based on earnings alone, however, became more difficult to draw in the quarter because of banks' differing attitudes towards provisions and a flood of special gains, which some, but not all, banks used to bolster reserves rather than to add to income.

For example, both Chase Manhattan, which recorded a 14 per cent decline in net income, and Manufacturers Hanover which posted virtually unchanged net earnings, reported large special gains, $49m for Chase from a legal settlement, and $30m for Manufacturers Hanover from the sale of securities. In both cases, the proceeds were used to add to reserves for possible loan losses.

Security Pacific was able to take $115m from the proceeds of its Los Angeles headquarters building sale plus another $35m, and add to its already comfortable reserves, while still posting a 10.9 per cent gain in third quarter earnings.

Ten of the 15 largest U.S. banks increased their third quarter loan loss provision by more than $10m over the same period last year.

Unusual recovery

However, 13 of the 15 also had higher third-quarter charge-offs than in the same period last year, and, reflecting the unusual nature of this economic recovery, non-performing loans grew over the same period last year at eight of the 15 largest banking groups. Normally at this stage of a recovery, bankers would expect non-performing loans to begin to steady or decline, but, as some of the major banks have made explicit, this has yet generally to happen.

Among the banks to report still higher non-performing loans were Crocker, which now has $1.1bn in non-performing loans or 7.13 per cent of its total loan portfolio. Other banks with high percentages of problem loans include Interfirst (5.3 per cent), BankAmerica (4.16 per cent), and First Interstate (3.98 per cent). There are now 11 out of the top 15 having more than 3 per cent of their loans and credits in the non-performing category, swollen most recently by Latin American credits and, in a growing number of cases, by the problem agricultural borrowers.

The loan loss reserve of the 15 now averages 1.27 per cent, but major banks including Wells Fargo and Manufacturers Hanover have reserve levels barely above the 1 per cent level, and Citicorp, with $2.5bn in non-performing loans (equivalent to only 2.6 per cent of the biggest U.S. bank's total portfolio) has a reserve level of just 0.89 per cent.

If bank loan loss reserves are measured as a percentage of non-performing loans, J. P. Morgan, Mellon Bank and Security Pacific remain at the top of the table (measured by reserves against total loans), several banks, including Citicorp, Wells Fargo, Marine Midland and Manufacturers Hanover move up the list substantially, while Crocker, First Interstate and BankAmerica drop.

Equally striking is the degree to which the U.S. majors have scrambled to push up their ratio of primary capital as a percentage of total assets. This effort has been accelerated by the near-failure earlier this year of Continental Illinois and by a tough attitude by the regulators who already insist the primary capital ratio must be at least 5.5 per cent of total assets and are pushing for a 6 per cent ratio.

Manufacturers Hanover, with a ratio of 5.7 per cent compared to 4.94 per cent a year ago, has been bolstering its primary capital. The New York banking group has increased its primary capital by over $4 per cent to $4.2bn in the last year—a move which, as such made by other banks, has included the painful issue of new stock at below book value.

Problem list

Generally, 1984 is shaping up to be a pretty poor year for the U.S. majors. At the nine-month mark, eight of the 15 largest are showing declines over 1983, which was not a particularly good year. But 1984 may also turn out to be important for the banks in other ways.

Currently, a record 797 of the 14,500 U.S. banks are on the Federal Deposit Insurance Corporation's "problem list" more than twice the peak number of 385 reached in November, 1976. Already 66 FDIC insured banks have failed this year, and the number is expected to rise to about 75 by end-year, compared to 48 last year.

But, as the third quarter earnings results show, some banks are beginning to respond by improving reserve levels and capital ratios—even at the cost of reducing quarterly earnings. One key question is whether these changes are coming quickly enough to restore investor confidence in severely depressed bank share prices.

TOP 15 U.S. BANKS: THIRD QUARTER RESULTS 1984

	Assets $bn	Net income $m	Change on year %	Loan loss provisions $m	Net charge-offs $m	Loan loss reserve $m	As % of total loans	Non-performing loans $bn	As % of total loans	Primary capital ratio
Citicorp	144.7	200.0	−10.0	146.0	128.0	861.0	0.89	2.50	2.60	†5.80
BankAmerica*	120.6	*91.0	+20.0	250.0	249.0	954.0	1.14	2.47	4.16	5.71
Chase Manhattan	87.5	93.0	−14.0	125.0	51.0	738.0	1.17	2.19	3.28	6.27
Manufctrs. Hanover	73.3	88.6	+ 0.7	104.8	12.0	584.2	1.03	1.80	3.16	5.70
J. P. Morgan	62.2	120.4	+19.1	30.0	63.1	562.0	1.60	0.94	2.70	7.10
Chemical NY	55.2	77.2	+ 1.2	42.0	39.0	440.5	1.18	1.18	3.30	5.80
Banker's Trust	45.1	79.5	+26.0	45.0	29.2	393.1	1.28	0.84	3.70	6.04
First Interstate	44.7	70.4	+13.4	59.7	48.5	363.9	1.33	‡1.09	3.98	6.14
Security Pacific	42.8	74.8	+10.9	215.6	68.1	507.4	1.67	1.64	3.67	6.34
First Chicago	40.7	−71.8	§	308.0	278.0	278.0	1.13	‡0.53	3.30	5.85
Continental Illinois	31.4	4.0	−80.0	30.0	9.0	356.0	1.36	0.93	3.60	6.40
Wells Fargo	27.2	43.8	+11.7	50.6	30.9	238.9	1.07	0.65	2.26	4.55
Mellon Bank Corpn.	26.0	42.6	+ 0.2	31.9	16.5	290.0	1.59	0.51	2.80	6.00
Marine Midland	22.4	27.8	+ 3.3	29.0	22.7	166.0	1.16	0.47	2.20	6.69
Crocker National	21.9	6.44	−58.5	32.6	31.8	226.9	1.41	1.10	7.13	6.01

* Earnings for third quarter 1984 include Seafirst Corporation results. † Based on average assets. ‡ Non-performing assets. § Third quarter 1983 net profit $49.1m. Research: Rivka Nachoma.

FT COMMERCIAL LAW REPORTS

Manager has no authority to notify board approval

ARMAGAS LTD v MUNDOGAS SA

Court of Appeal (Lord Justice Stephenson, Lord Justice Dunn and Lord Justice Robert Goff): October 18 1984

A PERSON who has no actual or ostensible authority to contract so as to bind his principal or employer, does not have ostensible authority to represent that he has obtained the necessary specific authority to contract; and where an agent bribes a third party's agent to induce the third party to contract with his principal, the third party may repudiate the contract and the principal will be vicariously liable for the bribe even though he was unaware of it when made.

The Court of Appeal so held when allowing an appeal by Mundogas SA, a Panamanian company, from a decision by Mr Justice Staughton that it was liable in damages to Armagas Ltd for breach of a charterparty entered into by its manager, allegedly on its behalf.

* * *

LORD JUSTICE STEPHENSON said that Armagas bought the Ocean Frost from Mundogas, and chartered it back to Mundogas.

The deal was negotiated by a broker, Mr Johannesen, with his friend, Mr Magelssen, who was Mundogas's *Vice President* (Transportation) and Chartering Manager.

Mr Magelssen signed a three-year charterparty on behalf of Mundogas. Armagas assumed that when Mundogas took delivery of the vessel, it took delivery under that charterparty.

A year later, however, Mundogas said it was acting under a 12-month charterparty, and that it knew nothing of the three-year charterparty. It repudiated Mr Magelssen's signature, and denied that he had signed on its behalf. It said that he had no authority to conclude the three-year charterparty, and refused *to carry out its terms. Mr Magel*ssen admitted that he had signed the charterparty without Mundogas's knowledge or authority.

Armagas claimed that he had actual or ostensible authority or was acting in the course of his employment. Mundogas alleged he was acting outside the scope of his authority, or course of his employment, and that he was promised a bribe ("a piece of the ship") by Mr Johannesen, to Armagas's knowledge.

For a contract of this kind Mr Magelssen required specific authority from someone higher in Mundogas. Mr Justice Staughton held that though he had no ostensible authority to make the contract, he had ostensible authority to notify that he had received top management approval, whether he had that approval or not.

Authority in an agent to communicate a decision which he had no authority to make was so paradoxical that it came as no surprise that it was unsupported by any English judgment.

In determining whether a transaction was within the scope of an employee's authority, abnormality was always an important circumstance to be taken into account, and was, in the present case, decisive. What *Mr Magelssen did was so clearly* and extravagantly unusual for a man in his position that it should not only have put Armagas on inquiry, but it fell right outside his authority or employment, whether or not the two were coextensive.

He had authority to sell the vessel, but he had no authority, express, implied or apparent, to back the sale with a charterparty.

Knowing that, Armagas should have referred to Mundogas's top management for confirmation of Mr Magelssen's representation that he had its authority and should not have relied on his representation.

The picture which emerged from all the evidence was of two dishonest friends and compatriots conspiring to make money for themselves. The appeal should be allowed.

*

LORD JUSTICE DUNN, agreeing, said that the fact that Mr Magelssen had on two previous occasions been authorised to communicate the board's approval of particular transactions, did not warrant the conclusion that Mundogas held him out to communicate its approval of this most unusual transaction.

There was no representation, express or implied, by Mundogas that Mr Magelssen had authority to conclude the transaction, or to communicate the board's approval to Armagas. In those circumstances there was no ostensible authority whereby Mundogas was bound by the three-year charterparty.

His Lordship would allow the appeal by reversing the judge's *finding that Mr Magelssen had* ostensible authority, but agreed with him that Mundogas was not vicariously liable for the deceit of its servant, Mr Magelssen.

The tort of deceit involved a holding out and at least an implied representation that the servant was acting within the scope of his authority. The scope of his ostensible authority defined the course of employment.

As Mr Magelssen had no ostensible authority to conclude the charterparty, or to represent that he had received such authority, he was not acting in the course of his employment and Mundogas was not liable for his fraud.

The final question was whether the offer of a "piece of the ship" was a bribe for which Armagas was liable. The judge had answered it in the negative.

In *Barry v Stoney Point [1917] 54 SCR 51, 73, 80* which was not cited below, it was said that the fundamental principle was that one contracting party should not be allowed to put the agent of the other in a position which gave him an interest against his duty; and that "the defendant's agent was given the disqualifying adverse interest which made him incapable of binding his principal."

His Lordship would adopt that approach. *Barry* was indistinguishable on its facts from the present case, and on that ground Armagas was vicariously liable for the offer of a bribe by its agent, Mr Johannesen, to Mr Magelssen, even though it did not know of it.

The existence of the bribe only became relevant, however, if Mr Magelssen had ostensible authority to conclude the three-year charterparty, because if he did not, Mundogas was not bound by the contract.

At the trial Armagas had alleged that one or more of Mundogas's senior management *knew of the three-year charter*party, and was trying to get out of it.

Mundogas challenged the judge's findings that some person in Mundogas did know and approve the charterparty.

On the evidence the probabilities were so overwhelmingly against it, that that particular finding could not stand. It was a classic case of two innocent principals, Armagas and Mundogas, defrauded by two agents, Mr Johannesen and Mr Magelssen.

*

LORD JUSTICE ROBERT GOFF, also agreeing, said that the effect of Mr Justice Staughton's conclusion was that although Mr Magelssen did not have ostensible authority to enter into the contract, he did have ostensible authority to tell Armagas that he had obtained actual authority to do so.

That was on its face a most surprising conclusion. There was no basis for concluding that Mundogas ever made any such representation regarding Mr Magelssen.

No doubt by appointing him to his position Mundogas did represent that he had authority to bind it to those contracts which an agent in his position ordinarily had authority to make; and no doubt that ostensible authority would embrace the making of representations concerning the subject matter of any contract which might reasonably fall within such usual authority.

But that did not embrace authority to communicate approval by his superiors or, in making contracts which, to Armagas's knowledge, he had no authority to make without approval.

It was a clear case in which Mr Magelssen had no actual or ostensible authority to enter into the three-year charter. Armagas realised that was so but, relying on what Mr Johannesen had told it, believed that Mr Magelssen had obtained the necessary approval from his superiors in Mundogas. He had not done so, and since he lacked any actual or ostensible authority, he could not bind Mundogas.

It followed that Mundogas was not bound by the three-year charterparty.

Nor was it vicariously liable to *Armagas for Mr Magelssen's* deceit as its servant, such deceit consisting of a misrepresentation outside his ostensible authority.

*

At the time of the sale contract Armagas had not yet been formed. During the negotiations Mr Johannesen offered Mr Magelssen a "piece of the ship." The venturers in Armagas were unaware of his participation before the charterparty was signed. The judge held that the offer constituted a secret commission for which Mr Magelssen was accountable to Mundogas, but that it did not constitute a bribe because Mr Johannesen was not an officer in Armagas, and must be regarded as a stranger.

Mr Johannesen, when he made the offer, was not a stranger to the transaction, in that one of the venturers had already agreed that he should have an interest in the ship.

The offer of the bribe was a continuing offer. It was initially made in the course of Mr Johannesen's employment as agent for the joint venturers in Armagas, but was also maintained by him in the course of his employment as agent for Armagas after incorporation. It was therefore immaterial that Armagas was not in existence when the negotiations for the three-year charter were concluded.

There was a dearth of authority on the legal position of a principal whose agent bribed the servant of a third party in order to induce the third party to contract with his principal. In all English cases the briber appeared to have been the principal.

In the Canadian case of *Barry v Stoney Point* it was held that where the agent acted in the course of his employment in making a bribe to the third party's own agent, the third party *could justify repudiation* of the contract.

Although that decision was not binding, it was strong persuasive authority, and was adopted in the present case. *If Mundogas* had been bound by the charter it would have been justified by reason of the bribe in bringing the contract to an end; *and if it* had been vicariously liable in deceit, it would have been entitled to set off damages from Armagas for the bribe against its liability for deceit.

For Mundogas: Gordon Pollock QC and Richard Siberry (Freshfields).

For Armagas: Robert Alexander QC, Richard Mawrey and Simon Rainey (Bentley Stokes and Lowless).

By Rachel Davies
Barrister

APPOINTMENTS

Lloyds regional director

Mr A. D. C. McKie has been appointed from November 1 director on the Salisbury regional board of LLOYDS BANK. Mr McKie, who recently retired, was joint general manager responsible for the southern area of the UK and had responsibility at general manager level for agriculture during the past 11 years; he is currently a member of the Agricultural EDC and serves on the NFU Alternative Finance Group.

*

Mr David Hill has been appointed an executive director in the production and marketing division of MINET INSURANCE BROKERS (UK). He was previously with Jardine Insurance Brokers in UK and the Far East. The production and marketing division is the newly-formed sales arm of Minet Insurance Brokers, retail insurance broking company of the Minet Group.

*

Mr Graham Hoyle has been appointed sales director of Cheltenham-based ladieswear retailer, PETER RICHARDS, a Foster Brothers Clothing Group company. He was sales development controller of A. Goldberg and Sons.

*

GUNHAM PLASTICS has appointed Mr John Owen as chairman and managing director. He has been a director of Gunham Plastics since 1964.

*

GRIEVESON, GRANT & CO, stockbrokers, is taking Mr M. J. Osborne into partnership.

*

ARTHUR YOUNG McCLELLAND MOORES & CO has admitted the following to the partnership from November 1: Mr Stuart Wilkinson (audit, Leeds), Mr Gerald Parry (management consultancy, Edinburgh), Mr Robert Meek (tax, Birmingham), Mr Ingram Legge (tax trust, Liverpool), Mr Phil Hilling (audit, Southampton), Mr Angus Gawn (tax, Glasgow), Mr David Jardine (management consultancy, Glasgow), Mr Andrew Darnill (public affairs National office).

*

Mr John Netting, managing director of Chester-based IRD Mechanalysis (UK), has been elected to the board of the American parent company IRD MECHANALYSIS INC, Columbus, Ohio, a subsidiary of H. H. Robertson Company.

*

Mr Jason Duke has been appointed to the board of POINTON YORK (INSURANCE, PENSIONS AND INVESTMENT SERVICES), while Mr Trevor Llanwarne will also become a director on November 7.

*

JOHN BROWN INC has appointed Mr Derek Harbour as managing director of John Brown Automation, Coventry. He was managing director of Fraser Nash Engineering and Fisher Controls.

*

A new company, MOWLEM PROJECTS, has been formed by the Mowlem group to develop broadly-based design and construction business throughout the UK. Mr A. T. Stanmore has been appointed managing director.

*

The organisation of the Finnish company STARCKJOHANN-TELKO OY, international division, has been strengthened. The company's activities in Sweden (Starckjohann Skandinavien Ab), England (Starckjohann (UK) Ltd), Mexico (Telko Mexicana SA de CV), U.S. (Telko Trading of Texas Inc) and Hong Kong (Finn-Pacific Ltd) will be run and co-ordinated by Starckjohann-Telko Oy International branch, London, from January 1 1985. Mr Rolf Hedin has been nominated as director of the office. Mr Hedin has previously been employed by The Axel Johnson Group and was managing director of A. Johnson & Co (Hellas) Ltd, Greece.

*

Mr L. J. George has been appointed a director of FERRANTI and will move to head office on November 1. Mr A. E. Dodd succeeds Mr George as managing director of Ferranti Instrumentation and Mr R. D. Boyle becomes personnel and industrial relations manager of Ferranti. Mr Dodd also becomes managing director of Ferranti Engineering Holdings and Mr George continues as chairman of Ferranti GTE.

UK COMPANY NEWS

Reed prepared to close more mills

FURTHER MILL closures at Reed International cannot be ruled out, warns Sir Alex Jarratt, chairman, in his interim statement.

United Kingdom paper-making operations in the six months to end September 1984 lost £3m before tax, together with trading items and an industrial dispute affecting some publishing activities, all resulting in depressed Reed's overall results at home, Sir Alex reports.

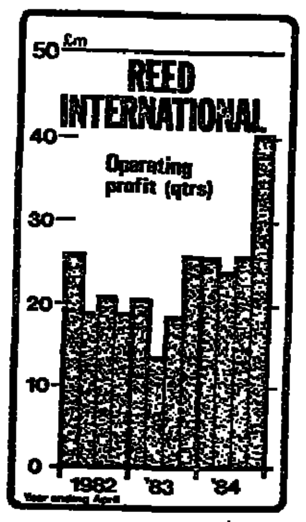
In contrast the overseas operations, however, returned sharply higher operating profits of £13.2m, more than £3.5m against, and a £3.5m fall to £32m by UK activities.

The overseas result was the highest achieved in any six month period, and accounted for 42 per cent, compared with 27 per cent, of group operating profits.

At the taxable level Reed's profits were up by 11 per cent from £39.2m to £45m, after interest payable of £10.6m against £10.1m.

The result is accompanied by a lift in the interim dividend from 5p to 5.75p. Earnings per share were virtually unchanged at 22.2p.

Group turnover amounted to £1.04bn, up from £979.8m, and was split as to UK and exports £700m (£719m) and overseas £338.6m (£260.4m).



Commenting on the paper-making losses, Sir Alex says that there were adverse effects stemming from increased prices for fuel oil and pulp, aggravated by a strong dollar, and by an inability to lift prices sufficiently in the face of competition from integrated mills unaffected by imported pulp prices.

On September 19, Reed announced the closure of three machines producing machine glazed papers at Aylesford, involving 400 redundancies. This followed substantial losses over the past two years and a projected trading deficit in excess of £2.7m for the current year with no prospect of a return to profitability.

In view of the vulnerability of paper-making in the UK to adverse trends in commodity prices and exchange rates, the possibility of further mill closures cannot be ruled out, says Sir Alex.

Reed intends to make provision at the year-end for the cost of possible future closures in addition to the costs of rationalisation at Aylesford.

Elsewhere within the group, publishing contributed £18.9m (£16.7m) to trading profits, reflecting a continued "strong performance" by Cahners in the U.S. and an initial profit from the Interior Design and Corporate Design journals acquired for $41m in April.

UK publishing, however, was affected by industrial action by the National Union of Journalists. Although a settlement has been reached, the dispute resulted in a loss of a number of magazine issues and a profit shortfall of around £4m.

Paint and DIY activities raised trading profits from £6.6m to £9.3m with a recovery in the UK decorative paint market and a contribution from Frazee Paint in San Diego, acquired for $24m in July.

Reed's Quebec newsprint mill continued to run close to 100 per cent of available capacity and increased profits despite poor returns from some major overseas markets and a temporary loss of production caused by a mill modernisation programme.

In July, Reed sold Mirror Group Newspapers to Mr Robert Maxwell's Pergamon Press for £113m. Reed's first-half results include a three-month contribution of £1.2m from MGN compared with £1.3m for last year's full interim period.

A breakdown of trading profits from other activities shows (in £m): consumer publishing £3.9 (£9.5); Reed building products £5.7 (£5.1); decorative products £0.9 (£0.3); packaging £9.9 (£8.5); Reed trading £3.7 (£2.0); European paper nil (£0.7); North American paper £3.7 (£2.9). Central items took £3.6 (£3.9).

Tax payable for the period amounted to £18.6m (£12.8m).

See Lex

INDEX TO COMPANY HIGHLIGHTS

Hepworth up £5m buoyed by success of Next chain

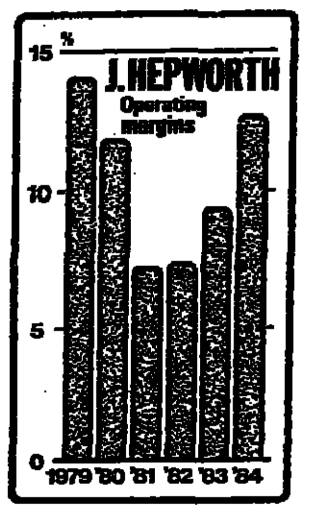
IN VIEW of a successful year's trading in 1983-84—profits before tax expanded by £5m—and "what appears to be an impressive start" to the current year, the directors of multiple tailor J. Hepworth and Son are lifting the final dividend from 3.91p to 5.5p.

Profits in the second half moved ahead from £4.8m to £7m to give £13.62m for the year ended August 31 1984, compared with £8.56m. Turnover rose to £108.33m, against £96.6m, excluding VAT. The final dividend lifts the total from 5.5p to 7.75p net for the year, and shareholders registered November 22 are also to receive a 2-for-1 scrip issue.

Retailing profits showed an increase from £2.65m to £6.58m, reflecting a further successful year from the womenswear chain Next, currently trading out of 176 branches. The menswear chain was successfully launched in August and is at present trading out of 45 branches.

The autumn launch of Next womenswear range has been the "most successful" since the company was launched, and the initial weeks of trading from the menswear chain has exceeded the company's "demanding expectations."

The manufacturing side turned in a loss of £434,000, compared with a profit of £204,000, profit from estates was £3.04m (£2.5m), and the share of profits, including interest, from the non-consolidated finance subsidiary *Club 24 came to £4.48m (£3.93m).*



Interest charges over the year were down to £48,000 (£713,000). Tax takes £5.43m (£2.14m) leaving a net profit of £8.19m (£6.43m) for earnings of 18.28p (14.47p) per share. An extraordinary profit of £461,000 (£808,000) brings the attributable balance up to £8.65m (£7.23m), while a deferred tax charge of £2.31m has been met direct from reserves.

Rationalisation costs in retailing, including the creation of the Next M chain, have been offset against the surplus on property sales in excess of last year's revaluation, leaving the extraordinary profit. Properties have been revalued in accordance with the rolling revaluation policy and a surplus of £5.55m over the 1983 valuation has been put to reserves.

● **comment**

J. Hepworth has been extraordinarily lucky with Next, coming in at the right time to fill a gap in the market for good quality, fashionable clothes at a reasonable price. The formula has netted the company a rise in pre-tax profits of close to 60 per cent for the year to August 1984 and a step-up in net margins from 9.4 to 12.6 per cent. The new Next for Men shops, set up in August, look set to fill the equivalent gap for men who, apparently, are more fashion-conscious than many High Street retailers had supposed. With a healthy contribution from these shops in the current year, Hepworth may well continue its spectacular profit growth into 1985. If it makes £18m, the shares (up 26p to 354p) stand on a prospective multiple of 13½, assuming a 35 per cent tax take. But just as shops like Next can come from nowhere, so can their competitors, especially those which already have High Street sites. As long as Hepworth's profit centres are easy to copy, it will have to work hard to stay one step ahead of the rest of the market in the longer term.

Market comeback by Alida

Alida is returning to the market after being taken over by the Rockware Group in 1978, followed by a £2.9m management buyout last year.

Singer and Friedlander is bringing the company, a manufacturer of polythene packaging materials, to the USM via a placing of 1.34m shares (27.9 per cent) at 140p each to give it a £7m market capitalisation.

Since 1980, Alida has invested heavily in sophisticated machinery which has allowed it to make improved and more profitable products, using in particular what is called linear low density polythene.

The placing will raise £1.25m for Alida which will help repay debt and contribute to its on-going investment programme.

The company has concentrated on supplying major food retailers, which include Sainsbury and Tesco, where customers choose their own fresh products and put them in plastic bags. Alida has, with Tesco, also a plastic carrier bag which can take up to 25 kilos of food.

Alida has earned more from its plastic bags over the past couple of years following an increase in the number produced carrying printing. At present this is about 45 per cent of total production. And Alida expects further growth in the proportion of printed products.

Alida also has a subsidiary which produces shrink and stretch film for commercial use and a reclamation and reprocessing business.

Alida made pre-tax profits of £686,000 in calendar 1983, on turnover of £22.15m, and the directors forecast at least £1.1m for the current year.

At the placing price the shares have a p/e of 9.8 and a yield of 6.6 per cent.

Dealings begin on Monday November 5.

Growth all round lifts Electrocomponents to £13m

WITH ALL its trading subsidiaries contributing to growth in the half year to September 30 1984, Electrocomponents has turned in a near-£3m increase in taxable profit for the period.

Mr Ron Marler, the chairman of this distributor of electronic components, warns that uncertainties for the immediate future of the UK economy are cause for concern, but says that the group's activities are growing in maturity and are therefore better able to overcome such trading problems as may arise.

The result at the interim stage was £12.75m, up from a comparable £9.9m which made allowance for an exceptional expense of £323,000 in relation to the move to Weldon. Mr Marler says the new RS facility there is now well established and the final stores order-handling system will be fully operative before the end of the financial year.

The directors have proposed an interim dividend of 1.6p net per 10p share compared with 1.3p last time when the total reached 4p. Earnings per share for the six months are given as 6.86p (4.78p).

Turnover moved ahead from £57.65m to £73.67m, generating profits of £12.19m against £9.97m at the operating level. Interest received added £563,000 against £455,000.

The chairman comments that the improvement in profit at the 80 per cent owned U.S. subsidiary Mesa was "most encouraging." Product ranges continue to be expanded and while this development includes active devices, the widening range of group activities has helped to reduce the effect of recent shortages of semi-conductors.

The tax charge for the period was £5.72m against £5.06m to leave net profits at £7.04m (£4.84m).

Net group bank balances at the period end were £4.2m.

● **comment**

Electrocomponents should make around £29m pre-tax this year pointing to a prospective p/e of around 19 after yesterday's 8p slip to 292p. Components distribution companies have in general enjoyed premium ratings to the point when they have become a habit but Electrocomponents at least has some justification for its share price, even if it has not been one of the high-flying members of the small quoted band. This group has a significant commitment to passive components which gives it a stability that many of its contemporaries lack. Shareholders can almost guarantee profits growth—it was still going up even in the lean years of 1980 and '81. And for the future the move to Corby, offering significant cost advantages (not to mention a rent and rates holiday) should enable the group to add a little weight to margins that have been under some pressure. "Maturity" is the company's own word, but in this instance it is a bull rather than bear feature which certainly does not mean explosive growth—just steady growth in the 20 per cent plus bracket.

British Telecom's shares get a triple A rating

BY ALISON HOGAN

British Telecom's shares have been given a triple A rating by Moody's Investors Services, one of the two largest rating services in the U.S.

It is the highest rating which can be accorded to a company and reflects Moody's confidence in BT's future market.

Standard & Poor's, the other major rating service, is expected to give its rating soon.

The BT share offer will be the first partly paid to be issued in the U.S. Morgan Stanley, which is leading the syndicate of U.S. underwriters, is establishing a mutual fund which will allow investors to hedge against the risk of the dollar weakening against sterling by the time the second and third instalments are due for payment on June 24, 1985 and April 9, 1986.

Many investors are expected to take advantage of the partly paid facility but the mutual fund will add flexibility to the sale and may appeal to smaller investors concerned at the possible currency risk.

U.S. investors will purchase American Depositary Receipts each equal to 10 BT shares. Those who pay the full price of the issue immediately will be given units in the fund up to the value of the shares with UK Certificates of Deposit. The certificates will be sold by the fund on the two appointed dates, the proceeds paying off the balances owing on the American Depositary Receipts.

Any units sold back to the trust during the partly paid period will be either unwound or kept by the fund.

Klark-Teknik for USM

DEALINGS ARE expected to open next Tuesday in the shares of Klark-Teknik, a Kidderminster-based maker of advanced sound processing equipment for the music, broadcasting and communications industries.

Stock Beech is placing 2.1m Klark-Teknik shares on the USM at 85p each, 30 times historic earnings after a 40.7 per cent tax charge. The company, which is valued at £11.9m, will be raising £580,275 after expenses, while its directors are selling shares worth £836,762. They will control 55 per cent of the equity after the placing.

Profits declined from £75,000 before tax to £32,000 in the year to July 1981 because of the costs of establishing a U.S. marketing subsidiary. Since then, profits have climbed from £111,000 to £214,000 and then to £701,000 in the three years to last July. There is no profit forecast for the current year, but a 1.6p gross total dividend is forecast, giving a 1.6 per cent yield, covered 2.8 times by historic earnings.

Fairview achieving objectives

PROFITS PASSED the £10m mark at Fairview Estates in the year to end-June 1984 and Mr D. J. Cope, group chairman, says that the company continues to make good progress in all of its stated objectives.

House sales, he says, have been achieved in accordance with Fairview's programme of liquidating housing land stock, and the level of borrowings has been "substantially reduced."

Fairview's contracted rent roll has increased by 17 per cent and now stands at £5.71m, and a directors' valuation of investment properties at the year-end shows a surplus amounting to £7.79m. This surplus gives an underlying net asset value of 205p (188p) per share compared with a published figure of 182p *(166p).*

Turnover for the year under review was £4.59m higher at £42.18m, which yielded a profit before tax, and an exceptional debit of £1m this time, of £10.09m compared with £7.51m.

The result has been accompanied with a lift in the final dividend from 4.04p to 4.543p, which, together with the increased interim payment, raises the total to 6.15p (5.501p).

Dividends are again covered more than three-fold by stated earnings per share of 22.9p (17.7p).

● **comment**

The 2p jump in Fairview's share price to a year's high of 154p puts the group on a discount to stated assets of a mere 15 per cent. On a two-year view this looks justified, since the liquidation of the housebuilding interests is proving quite a *money-spinner. Completions last* year totalled 1,030—a fraction down on the year before—and the land bank consists of some 1,600 plots, or 2½ years' worth of further building. A provision of £1m has been set aside to cover any future liabilities on the 20,000 or so homes which the group has built in the past. Meanwhile, the soaring cost of land in the South East means that Fairview—unconcerned with replenishing its land bank—can take the full margins benefit of the rising market for finished houses. The group would also argue that the same soaring prices vindicate its decision to pull out of housebuilding; rather than borrowings rising—as they necessarily would have done—they are £9.5m lower at £28.8m, while net assets are £6m higher at £62.5m. With some 800 house completions scheduled for the current year, the commercial *development programme—which* is apparently proceeding smoothly—seems quite a cheap element in the share price.

Yearlings rise

The interest rate for this week's issue of local authority bonds is 10½ per cent, up three-sixteenths of a percentage point from last week and compares with 9⅞ per cent a year ago. The bonds are issued at par and are redeemable on November 6, 1985. A full list of issues will be published in tomorrow's edition.

Cole Group drops

A substantial reduction in taxable profit—from £222,000 to £54,000—in the first half of 1984 at the Cole Group is blamed on one exceptionally poor quarter's performance by Cole Plastics and to delays in British Telecom's approval of new products from Cole Electronics. The interim dividend is held at 1.5p net.

Turnover was up £1m to £11.38m, with the polymers and plastics side showing satisfactory improvement. After tax £25,000 (£121,000) the net profit is £29,000 (£111,000) and earnings are 1p (3.7p) per share.

Negotiations are in hand which will further emphasise the company's change of investment direction and which will have "a major beneficial effect" on group profitability.

UK COMPANY NEWS

Substantial profit and asset growth at BCA

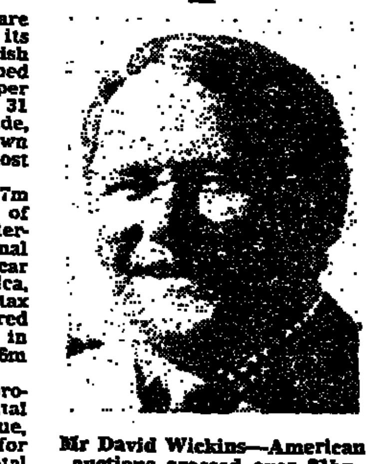
WITH THE inclusion of share sale profits and a surge in its American operations, the British Car Auction Group has turned in a profit growth rate of 55 per cent for the year ended July 31 1984. And on the assets side, shareholders' funds have shown a 92 per cent advance to almost £55m.

The capital profit is £1.17m net and stems from the sale of shares in Cope Allman International. Added to the normal trading activities of running car auctions in the UK and America, it produces a profit before tax of £9.33m for the year, compared with £8m forecast last April in the rights issue and with £6m achieved in 1982-83.

The final dividend is the promised 1.8p on the capital increased by the rights issue, and gives a total of 2.9p net for the year. Previously the total was equal to 2.625p adjusting for a scrip issue.

Gross proceeds from auctions totalled £1.22bn, an advance of 78 per cent over the previous £685m. The UK produced 17 per cent rise to £438m while America showed growth of 151 per cent to £779m.

In the UK turnover came to £22.67m (£20.28m) and profit before tax to £5.39m (£4.22m). Auctions accounted for £16.94m net (£15m) and £4.8m (£4.14m) respectively, gas and gas cylinders suppliers £2.43m (£1.76m) and £326,000 (£40,000), and other £3.3m (£3.53m) and £273,000 (£38,000). Net auction turnover from the U.S. was £24.25m (£9.3m) and the profit came to £2.91m (£1.44m), while related companies contributed £1.03m (£363,000) to profit.



Mr David Wickins—American auctions grossed over $1bn

Mr David Wickins, chairman, reports that in the UK a new freehold auction centre started trading at Preston last March as a replacement for the smaller leasehold premises at Blackpool, and made an excellent beginning. This month the fourteenth auction centre was opened at Paddock Wood, Kent, replacing the old premises at Tunbridge Wells.

In America the gross proceeds of sales of motor vehicles exceeded $1bn and are expected to increase by some 50 per cent during the current year. The profit was obtained from the six motor auction businesses which were owned for the year, viz:—Nashville, Kansas City, Minneapolis, Omaha, Detroit and Dallas, and from contributions from the businesses acquired in 1984 in Chicago, San Francisco, and West Palm Beach and Fort Lauderdale. The eleventh U.S. auction business, in Baltimore, was purchased in August.

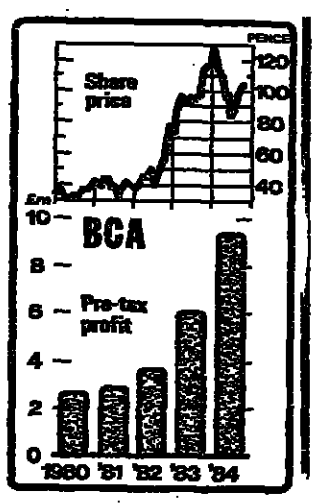
Referring to the related companies, Mr Wickins says BCA has undertaken to subscribe in full for its entitlement in Attwoods of some £7m in respect of a rights issue to finance a major acquisition in the waste disposal business in Florida, U.S. BCA intends to retain its 25 per cent stake in Group Lotus.

The proposed merger of the U.S. auction business with Sandgate has taken longer to complete than had been anticipated. The effect is that BCA will have a 63 per cent owned U.S. quoted subsidiary.

Various listed investments have been sold to Midepsa International Inc in exchange for new convertible preference shares of Midepsa and cash received in exchange for the shareholding in Cope Allman.

After tax £3.6m (£3.12m), minority interest £68,000 (£5,000) and taking in an extraordinary profit £335,000 (loss £25,000), the available net profit for the year comes out at £5.98m, an upsurge of 108 per cent over the previous £2.87m. Earnings are shown at 8.71p (5.55p) per share based on 77.3m (28.26m) in issue.

BCA has agreed to purchase the freehold of Blackbushe Airport near Camberley, Surrey, for £7.3m, of which £6.3m will be payable on completion. The purchase will be financed from the sale of the existing auction premises at Farnborough, Hants, which are no longer large enough to handle the rapidly increasing volume of business, says the chairman.



Total area at Blackbushe is some 350 acres and, in addition to flying and other activities, it has been agreed that consent for auctions will be granted on 45 acres. When the development of the auction area is completed Mr Wickins says it will be "the largest and most prestigious in Europe." Current rental and other income receivable amounts to some £600,000 annually.

The annual meeting will be held on December 8. Mr J. E. Rae, a director since 1961, will not be seeking re-election to the board. Mr William Benton has been appointed a director—he has recently resigned as senior vice president of sales after 37 years' service with the Ford Motor Company.

● comment

As the world's biggest used car salesman, David Wickins will be used to the odd selling deal going wrong. BCA's figures went down like an "old banger" with the market, the shares at one point showing a fall of 12p before closing 8p down at 96p. Optimists had been looking for a figure of around £9½m, but were not looking for £1.2m of exceptional dealing profits in the total. There is also a feeling of slight disappointment that the Sandgate deal in the U.S.—which, apart from anything else, should materially reduce the group tax charge—is taking so long to go through. To be sure, the underlying car auction business on both sides of the Atlantic represents fair earnings quality, especially in terms of resistence to the economic cycle. But despite the Midepsa deal, there is still the nagging impression of some fairly unrelated activities going on around the periphery. Forecasts for the current year are widely spread — anything from £12m to £13½m—and the prospective multiple could be anything between 9 and 12. Given the uncertainties, the shares are unlikely to do much in the near future.

Gallaher is £5m in front after strong third quarter

A STRONG third quarter at Gallaher, with profit before tax up by 20 per cent to £31.8m, has left the company some £4.8m ahead over the nine months to September 30 1984.

The result for the penultimate period compared with a restated £26.5m last time, and gave a running total of £87.2m in the year. Once again, by far the largest share of the improvement came from the group's tobacco division. Gallaher, unquoted in London, also trades in the optical, engineering, distribution, office products and housewares sectors, and is ultimately held by U.S.-based American Brands.

Group turnover, excluding sales taxes, were 20 per cent up in the quarter at £799.7m against £664.5m, and 12.6 per cent ahead in the nine months at £2.15bn against £1.91bn.

Commenting on the performance of the tobacco division, Mr S. G. Cameron, the chairman, says that home market sales in the quarter made good progress (from £503.1m to £612m), helped by trade buying ahead of a price increase. Market share improvement was generally maintained and once again Benson and Hedges Special Filter, Silk Cut and Hamlet have demonstrated their strength.

Export sales of Silk Cut showed substantial growth. Our overseas tobacco subsidiaries continue to face difficult trading conditions. Divisional profit was up from £20.3m to £26.5m.

In the optical sector, cumulative results were ahead by 10 per cent after excluding DHSS back payments received in 1983. Changes in the UK market continued to affect results although volumes showed further growth. Excellent progress has been made in Spain and Italy.

Engineering results were 8 per cent ahead cumulatively.

Norwich Union offshoot in Rock venture

Norwich Union Fire Insurance Society, the general insurance member of the Norwich Union Insurance Group, is establishing a branch operation in Gibraltar in a joint venture with Savignon, the Society's present agent on the Rock.

The Society has had a presence in Gibraltar for nearly a century, operating through an appointing agency and now has a large share of the local general insurance market with over 7,000 policyholders.

Norwich Union has been increasing its involvement in providing management services for captive insurance companies registered in Gibraltar. Its clients now include a major UK public company, whose captive has a premium income of £1.5m and the management of Middle East oil interest with substantial Japanese backing.

U.S. acquisition helps Aitken Hume pass £3m

INCLUDING THE recently acquired U.S. subsidiary National Securities and Research Corporation, Aitken Hume International, the international fund management company, reports more than doubled pre-tax profits at the interim stage.

Better than expected results from NSR led to gross revenue in the six months to September 30 1984, more than doubling from £6.12m to £13.62m and pre-tax profits rising from £1.49m to £3.08m.

However, the earnings per share declined from 14.63p to 13.18p.

The company is lifting its interim dividend from 2p to 2.25p and expects to recommend a final of 4.75p—this will result in a total up from 6p to 7p.

The U.S. fund management now accounts for just over half the profits of the company and the management expects growth to accelerate during the second half following a major reorganisation, mainly on the mutual fund operations.

In the UK, the profitability has benefited from the strong unit trust market, producing "excellent results," while the investment management activities continue to grow.

The banking subsidiary continues to adopt a conservative profile and remains highly liquid.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Car Auction ...	1.8†	Jan. 31	1.63*	2.9	2.63*
Aitken Hume ....int	2.25	Jan. 14	2	—¶	6
Clement Clarke ......int	1.45	Dec. 31	1.31	—	4.06
Electrocomponents ...int	1.6	Dec. 29	1.3	—	4
Fairview Estates	4.54	—	4.04	6.15	5.5
Globe Investment ....int	3.75	Feb. 22	3.75	—	9
J. Hepworth	5.5	Jan. 2	3.91	7.75	5.5
Reed Intl. ....int	5.75	Jan. 8	5	—	16.5
United Ceramic ......int	1‡	Dec. 14	1	—	3.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final 4.75p expected.

BOARD MEETINGS

TODAY

Interims: Ellis and Goldstein, Foster Brothers Clothing, Henderson Group, O.K. Bazaars (1929), Tern, Wire and Plastic Products.

Finals: Goodman Brothers, Tiger Oats and National Milling, Yarrow.

FUTURE DATES

Interims—

Atkins Brothers (Hosiery)	Dec 4
Audiotronics	Nov 13
Craig and Rose	Nov 2
Dalyn Packaging	Nov 5
Hambros Investment Trust ...	Nov 6
Henderson Administration	Nov 28
King and Shaxson	Nov 8
Rush and Tompkins	Nov 7
TR Natural Resources Inv. Tst.	Nov 22
TR Property Investment Trust	Nov 27
Witan Investment	Nov 21

Finals—

LWT	Nov 15
Murray Growth Trust	Nov 12

BASE LENDING RATES

A.B.N. Bank	10½%
Allied Irish Bank	10½%
Amro Bank	10½%
Henry Ansbacher	10½%
Armco Trust Ltd.	11 %
Associates Cap. Corp.	10½%
Banco de Bilbao	10½%
Bank Hapoalim	10½%
BCCI	10½%
Bank of Ireland	10½%
Bank of Cyprus	10½%
Bank of India	10½%
Bank of Scotland	10½%
Banque Belge Ltd.	10½%
Barclays Bank	10½%
Beneficial Trust Ltd.	11½%
Brit. Bank of Mid. East	10½%
■ Brown Shipley	10½%
CL Bank Nederland	10½%
Canada Perm't Trust	10½%
Cayzer Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
Choulartons	10½%
Citibank NA	10½%
Citibank Savings	¶11½%
Clydesdale Bank	10½%
C. E. Coates & Co. Ltd.	11½%
Comm. Bk. N. East	10½%
Consolidated Credits	10½%
Co-operative Bank	*10½%
The Cyprus Popular Bk	10½%
Dunbar & Co. Ltd.	10½%
Duncan Lawrie	10½%
E. T. Trust	11 %
Exeter Trust Ltd.	11 %
First Nat. Fin. Corp.	12 %
First Nat. Secs. Ltd.	12 %
■ Robert Fleming & Co.	10½%
Robert Fraser	11 %
Grindlays Bank	‡10½%
■ Guinness Mahon	10½%
■ Hambros Bank	10½%
Heritable & Gen. Trust	10½%
■ Hill Samuel	§10½%
C. Hoare & Co.	†10½%
Hongkong & Shanghai	10½%
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	11 %
Lloyds Bank	10½%
Mallinhall Limited	10½%
Edward Manson & Co.	11½%
Meghraj and Sons Ltd.	10½%
Midland Bank	10½%
■ Morgan Grenfell	10½%
National Bk. of Kuwait	10½%
National Girobank	10½%
National Westminster	10½%
Norwich Gen. Tst.	10½%
People's Tst & Sv. Ltd.	12 %
R. Raphael & Sons	10½%
P. S. Refson & Co.	10½%
Roxburghe Guarantee	11½%
Royal Bk. of Scotland	10½%
Royal Trust Co. Canada	10½%
■ J. Henry Schroder Wagg	10½%
Standard Chartered	‖10½%
Trade Dev. Bank	10½%
TCB	10½%
Trustee Savings Bank	10½%
United Bank of Kuwait	10½%
United Mizrahi Bank	10½%
Volkskas Limited	10½%
Westpac Banking Corp.	10½%
Whiteaway Laidlaw	11 %
Williams & Glyn's	10½%
Wintrust Secs. Ltd.	10½%
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1 month 8.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 10.00%.
† 7-day deposits on sums of under £10,000 7⅞%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
§ 21-day deposits over £1,000 8½%.
‖ Demand deposits 7¼%.
¶ Mortgage base rate.

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INTERIM RESULTS

Trading results and prospects

All trading subsidiaries have contributed to growth in the half year's profit. Mesa's improvement in profit over the corresponding period last year is most encouraging. Product ranges continue to be expanded and, whilst this development includes active devices, the widening range of group activities has helped to reduce the effect of recent shortages of semi-conductors.

The new RS facility in Weldon is now well established and the final stores order-handling system will be fully operative before the end of the financial year.

Uncertainties for the immediate future of the UK economy are cause for concern, but the group's activities are growing in maturity and are therefore that better able to overcome such trading problems as may arise.

Dividend

At a board meeting held on 30 October 1984, the directors declared an interim dividend of 1.6p per ordinary share, absorbing £1.631 million. This compares with £1.325 million absorbed by the 1983 interim dividend of 1.3p per share. Dividend warrants will be posted on 28 December 1984 to members on the register at 30 November 1984.

	Half year to 30.9.84 (unaudited) £'000	Half year to 30.9.83 (unaudited) £'000	Year to 31.3.84 (audited) £'000
Sales turnover	73,674	57,646	129,300
Profit before interest received	12,185	9,969	22,413
Interest received	568	455	873
Profit on ordinary activities before taxation	12,753	10,424	23,286
Exceptional expenses — Weldon move	—	523	1,062
Profit before taxation	12,753	9,901	22,224
Taxation	5,718	5,061	9,890
Profit after taxation	7,035	4,840	12,334
Extraordinary item	—	—	598
Minority interests	47	(33)	(42)
Earnings available for shareholders	6,988	4,873	11,778
Dividends	1,631	1,325	4,076
Retained earnings	5,357	3,548	7,702
Dividends per share: Interim	1.6p	1.3p	1.3p
Final			2.7p
Earnings per share	6.86p	4.78p	12.1p
Increases over corresponding period:			
Sales	27.8%	27.4%	27.7%
Profit	28.8%	18.9%	26.4%
Net Group Bank Balances:	£4.2 million	£6.6 million	£4.1 million

The audited figures are extracted from the company's full accounts for the year ended 31 March 1984. These accounts received an unqualified report and have been filed with the Registrar of Companies.

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Reed International P.L.C.

Reed House, 83 Piccadilly, London W1A 1EJ.

Consolidated Profit Statement

for the half-year ended 30 September 1984

Year to 1 April 1984	Historical Cost (Unaudited) £ million	Half-Year Ended 30 Sept 1984	2 Oct 1983
	Turnover		
1474.0	United Kingdom and Exports	700.0	719.4
569.0	Overseas	338.6	260.4
2043.0		1038.6	979.8
112.7	**Trading Profit**	55.6	49.7
	Share of Profits/(Losses) of Related Companies		
2.7		0.2	(0.4)
	Operating Profit		
73.3	United Kingdom	32.3	36.1
42.1	Overseas	23.5	13.2
115.4		55.8	49.3
(19.0)	**Interest**	(10.6)	(10.1)
96.4	**Profit before Taxation**	45.2	39.2
	Taxation		
(18.3)	United Kingdom	(10.0)	(9.3)
(9.4)	Overseas	(8.6)	(3.5)
(27.7)		(18.6)	(12.8)
68.7	**Profit after Taxation**	26.6	26.4
(0.3)	**Outside Shareholders' Interests**	(0.1)	—
(0.2)	**Preference Dividends**	(0.1)	(0.1)
	Profit Attributable to Ordinary Shareholders		
68.2		26.4	26.3
57.7p	**Earnings per Ordinary Share**	22.2p	22.3p

The figures for the year to 1 April 1984 are abridged from the Group's full accounts for that period, which received an unqualified auditors' report and have been filed with the Registrar of Companies.

THE PROFIT before taxation for the half-year to 30 September 1984 was £45.2m compared with £39.2m in the first half of last year, an increase of 15%. The overseas operating profit of £23.5m was the highest achieved in any comparable six months period but the United Kingdom results were depressed by an industrial dispute affecting some publishing operations and by losses in paper-making.

Trading Profit

Year to 1 April 1984	£ million (unaudited)	Half-Year Ended 30 Sept 1984	2 Oct 1983
40.3	Reed Publishing	18.9	16.7
16.0	Consumer Publishing	5.9	9.5
13.0	Reed Building Products	5.7	6.1
11.8	Paint and DIY	9.3	5.6
3.0	Decorative Products	0.9	0.3
15.0	Packaging	9.9	8.5
5.6	Reed Trading	3.7	2.0
3.0	European Paper	—	0.7
6.3	North American Paper	3.7	2.9
5.7	Mirror Group Newspapers	1.2	1.3
(7.0)	Central Items	(3.6)	(3.9)
112.7	**Total Trading Profit**	55.6	49.7

The results of Reed Publishing reflected continued strong performance by Cahners in the United States, together with an initial profit contribution from the Interior Design and Corporate Design journals which were acquired for US$41m in April. United Kingdom publishing was adversely affected by an industrial dispute involving the National Union of Journalists which has now been settled but which resulted in the loss of a number of magazine issues and a loss of profit of approximately £4m.

Profitability of the United Kingdom Building Products activities was reduced by weak domestic markets but the results from Sphinx in Holland continued to improve following restructuring.

The improvement in trading profit of Paint and DIY was due to recovery from disappointing performance in the United Kingdom decorative paint market in the previous year and a contribution from Frazee Paint in San Diego, acquired for US$24m in July.

The Quebec newsprint mill continued to run close to 100% of available capacity and increased its profit in spite of poor returns from some major overseas markets and the temporary loss of production caused by the mill modernisation programme.

The results of Mirror Group Newspapers reported above are those for the three months preceding its sale to Pergamon Press Ltd in July.

United Kingdom paper-making lost £3m before non-trading items. The results were adversely affected by increased prices for fuel oil and pulp, aggravated by the strength of the US dollar, and by an inability to increase prices sufficiently in the face of competition from integrated mills whose costs are unaffected by the price of imported pulp. Significant investments are being made to convert all units from heavy fuel oil to natural gas or coal, thereby reinforcing the viability of those units using recycled waste paper rather than pulp as their principal raw material.

The closure of three machines producing machine glazed papers at Aylesford, involving 400 redundancies, was announced on 19 September 1984. These operations had incurred substantial losses in the previous two years, were projecting trading losses in excess of £2.7m in the current year, and there was no prospect of restoring them to profitability.

In view of the vulnerability of paper-making in the United Kingdom to adverse trends in commodity prices and exchange rates, the possibility of further mill closures cannot be ruled out. Therefore the Board intends to make provision at the year-end for the cost of possible future closures in addition to the costs of the rationalisation at Aylesford. Further non-trading items to be accounted for at the year-end will include the gains on the sale of the investments in Mirror Group Newspapers and London & Provincial Posters (disposed of for £90m and £18m respectively) and the results of a revaluation of the Group's properties. The net amount involved is not expected to be significant in relation to consolidated shareholders' funds.

Current Cost Results

The current cost profit before taxation for the half-year was £21.4m (1983: £23.5m).

Dividends

The Board has declared an Interim Dividend of 5.75p per share, an increase of 15% on the 5p interim dividend paid last year. The dividend costing £6.8m (last year £5.9m) will be payable on 8 January 1985 to shareholders on the register on 30 November 1984.

REED INTERNATIONAL publishes 700 million copies annually of 270 *magazines, business* and *technical journals, directories, travel guides* and *publications for children*, as well as *Hamlyn* general interest books and *Butterworth* legal, technical, medical and scientific books • Organises more *exhibitions* worldwide than anyone else • Includes such famous household names as *Crown Paints* and *Crown Wallcoverings, Polycell, Sanderson, Sphinx* tiles, *Twyfords* ceramic sanitaryware and baths, *Mira* showers and *Key Terrain* waste systems • Produces 100 million *thermoplastic injection mouldings* for British industry every year • Manufactures one in five of Britain's *corrugated cases* and one in five of its *envelopes* • Makes nearly 5 million *paper sacks* per week • Converts board into 80 million *cartons* each week • Buys more *waste paper* than anyone else in Britain • Produces one out of every six tonnes of *paper* and *board* manufactured in the UK
And much more besides.

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BIDS AND DEALS

Midland agrees terms to buy out Crocker

BY DAVID LASCELLES, BANKING CORRESPONDENT

Midland Bank has agreed to increase its offer to buy out the minority shareholders of **Crocker National Bank**, its troubled 53 per cent owned Californian subsidiary.

In a deal which has the approval of Crocker's board, Midland is to raise the value of the paper Crocker shareholders will receive from $25 to $27 per share. Other inducements, including payment of a cash sum linked to Crocker's profits over the next three years, have been thrown in.

Sir Donald Barron, Midland's chairman, said the terms were "fair and reasonable" and claimed that the transaction "will enable us to integrate Crocker into the Midland Group's operations and strategy and will, we are confident, improve the timescale of Crocker's return to full profitability."

Midland did not say how much the new package was worth yesterday. But the face value of the stock being offered is about $249m (rising to $275m if all conversion rights on Crocker's stock are exercised) compared to the $207m first offered last July.

The deal, which is highly complex, is the culmination of weeks of tortuous negotiations involving lengthy conference calls between London, New York and San Francisco.

These are the main features:

● Midland is offering one share of perpetual adjustable rate preferred stock for every Crocker share. The stock will have a face value of $30, but is expected to trade at $27. Crocker shares closed at $23¾ on Monday night. Preferred stock of this kind is frequently used by U.S. banks; it counts as primary capital for regulatory purposes.

Sir Donald Barron, the chairman of Midland Bank

● Crocker shareholders will receive up to $3 in cash on March 31, 1988 depending on the bank's profits between 1985 and 1987. For the full sum to be paid, Crocker will have to earn an average $61m a year. In 1982, its last year in the black, it earned $72m.

● The preferred stock will carry a cumulative quarterly dividend which will be fixed initially, and then be periodically adjusted to a specific spread over U.S. government securities. The dividend is designed to make the stock trade at 90 per cent of its face value. Midland can buy back the stock at any time.

● To enable Crocker to get the finest terms on the stock (which will be issued in its name) Midland has pledged to provide whatever funds Crocker needs to meet U.S. capital ratio requirements. Midland has already discussed the issue with the U.S. credit rating agencies and responded to their concerns.

● Midland has also agreed to settle all the lawsuits launched by Crocker shareholders who were angered by the timing and value of last July's bid, which came just as Crocker stock was close to an all-time low. It has set aside $1.75m to compensate some shareholders who missed out on the bid by selling their stock too soon. This is said to be common practice when settling shareholder litigation in the U.S.

Crocker's share price rose to $25⅜ when trading opened on Wall Street. Midland's stock closed 5p higher at 357p.

Security Pacific broadens its sights

By David Lascelles

Security Pacific, the California bank which intends to buy Hoare Govett, the London stockbroking firm, is also planning to acquire a UK insurance company.

Mr William Ford, the vice-chairman in charge of specialised financial services, said yesterday that he had been holding talks in London about a possible life insurance deal.

He said Security Pacific was keen to build up an international life insurance business but would not, for regulatory reasons, be able to base it in the U.S. He said London would be "a good focal point" instead.

At the moment, the bank's holding company owns one life and two casualty insurance companies in the U.S., but they may only do business that is linked to Security Pacific's loan business.

Mr Ford said Security Pacific would prefer to acquire an insurance company, but was willing to enter into a partnership or joint venture. Earlier this year, Citicorp of the U.S. also said it was interested in entering the UK insurance business, and set off a flurry in insurance stocks on the Stock Exchange.

Security Pacific is still looking for a merchant bank in London as well, having lost out in the bidding for Continental Illinois's merchant bank which was sold to First Interstate Bank of California in August.

Saatchi grows in U.S. with $14m purchase

Saatchi & Saatchi Compton, the world's seventh largest advertising network, continues its worldwide march with two more acquisitions in the U.S.

The two New York-based companies, **Yankelovich, Skelly and White** and **Melber and Co**, are market research specialists and as such represent a widening of the Saatchi empire beyond mainstream advertising.

Saatchi will pay $13.5m to the owner, RSC International, for the two groups. Combined budgeted revenues for the Saatchi financial year to September 30 1985 are approximately $22m with profits after tax budgeted at $1.35m. In the group's last audited results for the year ending December 31 1983, revenues were $17.5m and profits after tax were $843,000.

This, the fifth significant acquisition by the Saatchi group so far this year, comes as no surprise to industry analysts who predicted even faster growth, since the raising of a cash mountain of $28.4m through new stocks issue in the U.S. last December.

In January, Saatchi completed the major shareholding in the Australian ad agency Gough Waterhouse, followed by acquisition of the RJA agency in Holland in May, and of the UK regional ad network Harrison Cowley in July.

* * *

Skylark SA has acquired a further 425,000 ordinary shares in **Lincroft Kilgour Group**, bringing its total holding to 685,350 (14.99 per cent).

No probe for Mercury merger

THE MERGER of **Mercury Securities**, the parent company of S. G. Warburg, the merchant bank, with **Rowe and Pitman, Akroyd and Smithers**, and *Mullens and Co is not to be* referred to the Monopolies and Mergers Commission.

However, since the merger is not to become fully effective until 1986, the Secretary of State for Trade and Industry intends to give further consideration to the question of reference "in the light of all the relevant facts and circumstances at that time.

"The Secretary of State cannot commit himself, therefore, but it does not appear to him that the merger will be appropriate for investigation by the Commission," said the Department of Trade and Industry yesterday.

Mercury Securities said yesterday that acceptances of the offers on behalf of a new holding company Newco (1984) for the fully paid and unrestricted shares of Mercury Securities and the ordinary shares of Akroyd and Smithers were received in respect of 36.8m Mercury shares (84.1 per cent) and 14.8m Akroyd ordinary shares (92.5 per cent).

The Akroyd shares, taken together with the 6.8m Akroyd ordinary shares, which Newco has agreed to acquire from Mercury, represent 94.7 per cent of Akroyd's issued ordinary share capital.

The Mercury offer has been declared unconditional.

James Neill optimistic on prospects

In the light of a recent sharp rise in the company's share price and notification by Suter that it had acquired 10.7 per cent of the shares, the chairman of Sheffield-based hand tool manufacturer **James Neill Holdings** has written to shareholders updating them on the company's enhanced prospects following the success of a restructuring programme introduced under its new management team.

In his letter Mr Hugh Neill says that the reorganisation has proceeded according to plan and the company will produce "good results" in the second half of the current year. The outlook for 1985 is also promising, he tells shareholders. "As cost savings work through, profits will increase still further and the company will go on from strength to strength."

Mr Neill also states that Suter has indicated its intention to increase its holding in James Neill, but he tells shareholders: "I can assure you that neither I and my immediate family, nor any other member of my board, has any intention of selling any of the shares which we control."

* * *

THE **Otford Group**, a private group specialising in the manufacture of paper and plastic packaging, has purchased **Chiltern Hunt** for a consideration of £3m.

Chiltern Hunt produces high quality injection mouldings and spiral windings, with particular application in packaging for storage and transportation of explosives, shells and rockets.

Otford has an annual turnover in excess of £20m.

BIDS AND DEALS IN BRIEF

Including acceptances received **C. H. Beazer** holds 21,522,850 (50.17 per cent) shares in **M. P. Kent**. The offer has been declared unconditional.

* * *

Fisons has purchased the remaining 33 per cent minority interest in **Haake Buchler Instruments** of New Jersey, U.S.

The company was formed in 1982 by the merger of the Fisons company Haake Inc with Buchler Instruments Inc owned by the Swedish Incentive Group. Fisons paid $2.6m cash to the Swedish company for its third share.

* * *

C. B. Hotels has paid £3m for four hotels in Bournemouth, previously owned by the Lanz hotel group and providing 271 rooms.

The purchaser, which recently sold the Cumberland Hotel in Bournemouth and the Spider's Web motel at Watford, will operate its four new hotels—the Heathlands, the Anglo-Swiss, the Durlston Court and the Cecil—under the Quadrant group banner. Goadsby and Harding, Bournemouth estate agent, acted for Lanz.

* * *

Solidate, a manufacturer of high technology weighing equipment, has received a major boost to its development plans following an equity investment of £1.15m by Granville Venture Capital and Flintab AB of Sweden. Svenska International is acting as the company's principal banker.

* * *

The recommended offer made on behalf of **Colas** (a wholly owned subsidiary of Shell UK) by British Linen Bank for **Glossop** has been accepted in respect of 6.57m new ordinary and the same number of deferred shares, being 93.46 per cent of each class of share, in Glossop.

* * *

LRC International shares held in discretionary investment portfolios managed by or on advice from, Warburg Investment Management (including portfolios held for their own account by members of the Mercury Securities Group), have been increased by 350,000 to 20.15m (16.23 per cent of voting rights).

* * *

British Electric Traction Co completed its acquisition of **Anglian Windows**. BET has paid £26.8m for an 80 per cent share of the company and has granted an option to one of Anglian's shareholders, Silvermies, to sell BET the remaining 20 per cent at same price per share, thus valuing the whole of Anglian at £33.5m.

BET is creating a new holding company, **BET Building Services**, withan expected turnover of £160m, to manage its existing subsidiaries Boulton and Paul and Anglian.

Brent disposal

Brent Chemicals, which built up a 4.9 per cent equity stake in fellow speciality chemicals company, **W Canning**, has placed its entire shareholding in the market. The disposal, which came at the end of last week, carried out by brokers Rowe and Pitman and ended speculation that Brent was stalking Canning as a takeover target.

Brent's chief executive, Mr S Cuthbert, said yesterday that his company was disappointed by Canning's recent results, especially from its silver refining activities. Canning recently reported an interim profits increase from £733,000 to £1.11m.

* * *

United Biscuits (Holdings) has acquired **Treble "R" (Catering)** which operates and franchises 20 pizza outlets under the name "Perfect Pizza," principally in London and the south.

The consideration has been satisfied by the payment of £625,000 in cash and the issue of 378,548 ordinary shares of UB.

This prospectus contains particulars given in compliance with the Regulations of the Council of The Stock Exchange in London for the purpose of giving information with regard to RBC Canadian Fund Limited ("the Company"). The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the ommission of which would make misleading any statement herein, whether of fact or opinion. All the Directors of the Company accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange in London for all the Participating Redeemable Preference Shares of Canadian $0·01 each ("Participating Shares") of the Company now being offered to be admitted to the Official List.
A copy of this prospectus, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies in London for registration pursuant to the Companies Act, 1948.

RBC CANADIAN FUND LIMITED

A COMPANY LIMITED BY SHARES INCORPORATED IN THE CAYMAN ISLANDS UNDER THE COMPANIES LAW, CAP.22, AS AMENDED

OFFER FOR SUBSCRIPTION OF UP TO 10,000,000 PARTICIPATING SHARES AT CANADIAN $10.50 PER SHARE

The subscription lists for the shares now being offered will open at 9.00 a.m. on 20th November, 1984 and will close 10.00 a.m. on the same day.

IMPORTANT

No dealer, salesman or other person is authorised to give any information or to make any representations other than those contained in this prospectus and, if given or made, such information or representation may not be relied upon as having been authorised by the Company, its Directors, the Managers or the Administrator. This prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, the Participating Shares have not been registered under the United States Securities Act of 1933, and except in a transaction which does not violate the Act, may not be offered or sold, directly or indirectly, in the United States of America, its territories, possessions or any area subject to its jurisdiction or to any national or resident thereof. This prospectus does not constitute and shall not be construed as an invitation to the public of the Cayman Islands and to residents for tax purposes of Guernsey, Alderney and Herm to subscribe for Participating Shares in the Company. *Participating Shares will not be sold or offered for sale in Canada.*

All references herein to "Dollars" and "C$" mean Canadian Dollars and to "Pounds", and "Sterling" and "£" means the currency of the United Kingdom of Great Britain and Northern Ireland.

The procedure for application and the Application Form are set out below.

It should be noted that the price of Participating Shares and the amount of income distributed may go down as well as up.

The consent of the Advisory and Finance Committee of the States of Guernsey has been obtained to the issue of Participating Shares in RBC Canadian Fund Limited. It must be distinctly understood that in giving this consent the Committee does not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

If you are in any doubt about the contents of this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

This prospectus will be used as a *continuing prospectus for the purposes of the Subsequent Offer. Factual references should none the less be read as made at the date of this prospectus.*

COPIES OF THIS PROSPECTUS AND THE APPLICATION FORM MAY BE OBTAINED FROM:

RBC Investment Managers Limited,
P.O. Box 246, Ann's Place, St. Peter Port, Guernsey, Channel Islands.
Telephone: (0481) 23021 Telex: 4191527

Orion Royal Bank Limited,
1 London Wall, London EC2Y 5JX.
Telephone: 01 600 6222

OR

Canada International (Cayman) Limited,
P.O. Box 707, Royal Bank Building,
Cardinal Avenue, Grand Cayman,
Cayman Islands, British West Indies.

RBC CANADIAN FUND LIMITED

DIRECTORS

JOHN NORMAN ABELL (Canadian), *Chairman*
The Old House, Chieveley, Berkshire, United Kingdom *(Chairman and Chief Executive, Orion Royal Bank Limited)*

TIMOTHY JOHN BETLEY (British),
Mon Plaisir Lodge, Rohais, St. Peter Port, Guernsey, Channel Islands
(Managing Director, The Royal Bank of Canada (Channel Islands) Limited)

DAVID GEORGE BEALE (British),
North Fambridge Hall, Nr. Chelmsford, Essex, United Kingdom.
(Managing Director, Orion Royal Bank Limited.)

BRIAN GEORGE PEARMAIN (British)
The Beach House, Green Island, St. Clement, Jersey, Channel Islands *(Advocate of the Royal Court of Jersey. Director, The Royal Bank of Canada (Channel Islands) Limited)*

ANTHONY ALLAN WEBB (U.S.A.),
4, Rue Bellot, 1206 Geneva, Switzerland.
(General Manager, the Royal Bank of Canada (Suisse).)

MANAGERS AND SECRETARY
Canada International (Cayman) Limited, P.O. Box 707, Royal Bank Building, Cardinal Avenue, Grand Cayman, Cayman Islands, British West Indies.

ADMINISTRATOR
RBC Investment Managers Limited, P.O. Box 246, Ann's Place, St. Peter Port, Guernsey, Channel Islands. Telephone: (0481) 23021. Telex: 4191527. Telecopier: (0481) 23524.

INVESTMENT ADVISER
Orion Royal Bank (Guernsey) Limited, P.O. Box 25, 3 College Street, St. Peter Port, Guernsey, Channel Islands.

CUSTODIAN
The Royal Bank of Canada (Channel Islands) Limited, P.O. Box 48, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.
(All the above companies are wholly owned subsidiaries of The Royal Bank of Canada.)

AUDITORS
Coopers & Lybrand, Chartered Accountants, P.O. Box 219, Butterfield House, Grand Cayman, Cayman Islands, British West Indies.

LEGAL ADVISERS
Allen & Overy, 9 Cheapside, London EC2V 6AD, United Kingdom.
Maples & Calder, P.O. Box 309, Cayman International Trust Building, Grand Cayman, Cayman Islands, British West Indies.

REGISTERED OFFICE
P.O. Box 707, Royal Bank Building, Cardinal Avenue, Grand Cayman, Cayman Islands, British West Indies.

STOCKBROKERS
Kitcat & Aitken, The Stock Exchange, London EC2N 1HB.

INTRODUCTION
The Company is an investment company incorporated in the Cayman Islands, under the Companies Law, Cap. 22, as amended on 18th October, 1984 under the sponsorship of The Royal Bank of Canada (Channel Islands) Limited, a wholly owned subsidiary of The Royal Bank of Canada. In terms of assets and deposits, The Royal Bank of Canada is Canada's biggest bank and one of the largest banks in North America. It also has offices in over 40 countries around the world.

The capital structure of the Company allows it to issue and redeem Participating Shares at prices based on the underlying net asset value of the Company and it is thus intended to operate in a similar way to an open-ended unit trust or mutual fund.

Participating Shares are freely transferable and may be purchased or redeemed on regular subscription days, usually every Thursday in Guernsey, at prices calculated as described in this [illegible]

APPLICATIONS
Initial Offer The subscription price for the Initial Offer is C$10.50 for each Participating Share (inclusive of the initial charge of 50 cents) payable to the Administrator. Applications should be accompanied by a remittance *(minimum C$1,000 or currency equivalent)* and sent to RBC Investment Managers Limited. The subscription lists will open at 9.00am (Guernsey time) on 20th November 1984 and will close at 10.00am (Guernsey time) on the same day.

Applications should be made on the application form enclosed with this prospectus. Attention is *drawn to the notes on the application form.*

Acceptance of applications will be conditional upon the Participating Shares being admitted to the Official List by the Council of The Stock Exchange, London, by 2nd November, 1984. Pending satisfaction of such condition subscription monies will be held by the Custodian in a separate [illegible]

7. Management and Administration
Directors
(i) There are no existing or proposed service agreements between the Company and any of its Directors. A Director is not required to hold any shares by way of qualification. There are no provisions requiring Directors to retire at any specified age.
(ii) It is proposed that each Director will be entitled to Directors' fees of C$3,250 per annum. However, it will be the policy of the Company to obtain a waiver of such fees from any Director who is also an employee of any company in The Royal Bank of Canada Group.
The Directors shall be entitled to such remuneration as may be voted by the Company in General Meeting. The Directors may also be reimbursed for all expenses properly incurred by them in connection with the business of the Company.
[illegible]

Participating Shares and accordingly they should consult their professional advisers as to the position under the laws of their country of citizenship, domicile and or residence.

10. Fees and Charges
In addition to an initial charge *not exceeding 5% of the subscription price of the Participating* Shares as laid down in this prospectus the Managers receive from the Company a monthly fee of 1/12 of one per cent of the value of the net assets of the Company as calculated for the purpose of determining the subscription price. The Company is responsible for all normal operating expenses, including audit and legal fees, registration fees, brokerage, stamp and other duties and charges incurred on the acquisition and realisation of investments. No fees are payable by the Company to the Administrator, the Custodian or the Adviser all of whom will be remunerated by *the Managers. The expenses of establishing the Company and in connection with the issue of the* [illegible]

[illegible]

APPLICATION FORM FOR PARTICIPATING SHARES

TO: RBC INVESTMENT MANAGERS LIMITED · P.O. BOX 246 · Ann's Place · St Peter Port · Guernsey · Channel Islands

[illegible]

UK COMPANY NEWS

Clement Clarke downturn

Clement Clarke (Holdings), dispensing optician, suffered a fall in pre-tax profits from £831,000 to £610,000 for the first half of 1984, in spite of an increase in turnover to £9.17m, against £8.22m.

Mr John H. Clarke, the chairman, says the results highlight the buoyancy of the manufacturing subsidiaries and the disappointing results of the optical retail outlets, whose sales are up but margins reduced.

The outlook for the second half is good for the manufacturing subsidiaries, but uncertain for the optical retail sector. If the NHS remuneration inquiries are concluded for 1983 and perhaps 1984, then the company's gross margins on NHS sales will reflect a proper return, resulting in increased profitability, he says.

The company intends to take advantage of any avenue open to it to mitigate the present state of affairs in the optical field. "When the restricted NHS optical service comes into operation in 1985, we will have better control of our retail margins," the chairman states.

While stated half-year earnings per 25p share are lower at 4.12p (5.61p), the net interim dividend is raised from 1.3125p to 1.445p—last year's total was 4.0625p on £2.15m taxable profits.

IN BRIEF

USM-quoted United Ceramic Distributors has increased taxable profits from £50,362 to £57,649, or 22 per cent, in the half year to June 30 1984.

The directors of the company—a wall and floor tile distributor—propose an unchanged 1p interim dividend, from earnings per share given as 2.1p (1.9p) after tax of £46,000 (£35,000).

Turnover rose from £2.87m to £3.27m, and the directors state that the improvement in sales has continued since the period end.

* * *

BASIC NET asset value per share at Globe Investment Trust rose from 341.02p to 346.1p in the six months to September 30, 1984.

The interim dividend is unchanged at 3.75p net per share following on from last year's 9p total. Earnings per 25p share are stated at 4.45p compared with 4.17p.

Attributable profits were up from £6.95m to £7.4m and after the "encouraging" half year results the directors have confidence in the group's spread of international investments.

* * *

Increased interest charges and a substantial loss incurred in the U.S. have depressed Epicure Holdings in the year to June 30 1984. The result for the period was a reduction in profit from £1.15m to £207,000.

The final dividend is cut from 1.35p to 0.75p net per share for a lower yearly total of 1.56p (2.13p). Losses per share are stated at 0.49p (earnings 3.2p).

* * *

Pre-tax profits at the Exploration Company, investment dealer, have slipped in the six months to June 30 1984. Figures, including the subsidiary Group Traders, but excluding related companies, show a decline from £506,561 to £341,967.

* * *

Net asset value at Scottish Northern Investment Trust came to 152.43p at the end of September 1984, against 147.64p at the end of last March.

Net revenue rose from £1.24m to £1.53m for the half year to September.

The net interim dividend has been held at 0.96p—first-half earnings are shown as 1.97p (1.85p). Tax amounted to £716,000 (£431,000).

* * *

Pressure on sales at E. Upton and Sons caused a fall in turnover from £2.82m to 2.16m for the 28 weeks to August 14 1984. Pre-tax losses of this departmental store operator were reduced from £331,000 for the period to August 9 1983 to £286,000.

Losses per share were shown as 16p (19p). No dividend has been paid since 1980.

The directors say that they are confident of the full year trading result showing a significantly better performance than last year.

* * *

Improved sales and operating results enjoyed throughout the year at Bonar Inc continued in the third quarter to September 30, 1984. Pre-tax profits of this north American company, in which Low Bonar, Dundee, holds a 75 per cent interest, rose by 50 per cent from £2.1m to £3.15m for nine months.

Turnover increased from £42.87m to £54.95m.

Bonar operates in packaging and related industries in Canada and the U.S. and was floated as a public company on the Toronto Stock Exchange in October.

After tax of £1.37m (882,000) minority interests and share of profit of an affiliated company, attributable profits emerged up from £1.25m to £1.77m.

Charter agreement helps Reardon Smith cut losses by £7m

Reardon Smith Line, the shipping operator, cut pre-tax losses by £7m to £1.79m in the year to March 31 1984. The directors explain however, that the deficit has been considerably reduced because of the agreement reached on the Celtic Bulk Carriers chartered-in tonnage.

The losses for the period in respect of this chartered-in tonnage are £6.2m, which will be allocated to the memorandum account as a contingent liability.

In view of the circumstances, there will again be no dividend for the year—the last payment was 0.875p net in respect of 1981-82.

At the interim stage, when reporting a profit of £0.47m (£2.77m loss), the directors said the trading position remained bleak and there was no sign of any substantial recovery in the immediate future.

There were however, indications of an upturn in the world economy and it was hoped that this would result in an improvement in the movement of dry cargo, with a resultant benefit in freight rates.

They now say that since the year end, the freight market has been at a very low ebb, but in the last few weeks there has been a firming in rates, particularly in the Atlantic sector.

Turnover for the year dropped from £13.65m to £3.77m. Operating charges took £3.05m (£16.44m), staff costs £2.34m (£3.09m) and depreciation £1.06m (£1.84m). Other charges accounted for £0.43m (£0.45m), but there was a profit this time of £1.75m from the sale of the MV "New Westminster City." Last year, the company made £2.27m from vessel sales.

Interest receivable and similar income contributed £0.34m (£0.31m). Interest payable and similar charges fell from £1.73m to £0.61m and unrealised exchange losses were also sharply reduced at £0.16m, against £1.68m. In 1983, there was also a £0.1m provision for chartered-in losses.

Tax charge rose from £0.58m to £0.6m leaving a net deficit of £2.4m, compared with £9.39m.

● comment

The underlying trading background is as bleak as ever at Reardon Smith. The reduced loss is almost entirely due to the surplus on the disposal of m.v. New Westminster City and its loss-sharing agreement with Irish Shipping, joint owner of the Celtic Bulk Carrier subsidiary. Freight rates have hardened in line with usual seasonal patterns so that the just cover operating costs. However, two of the group's fleet of four are chartered out at old rates until the end of December, and the best Reardon can hope for is a slightly reduced loss this year. Ship sales have trimmed borrowing to £5m, covered by a depleted fleet valued at £11.5m, a little over half its worth a year ago. There is little that Reardon can do beyond pray for its bankers' continued support and hope the rates improve. If they go back into free-fall after the autumn upturn, the group's survival must come into question. Reardon's fortunes have fallen so far that there seems little point in selling the shares, which were unchanged at 16p where the company is valued at just under £1m.

Clayton back in profit

Greatly improved results are reported by Clayton, Son & Company (Holdings) for the first six months of 1984. This engineer swung back with profits of £28,737 compared with losses of £155,098 in the corresponding period last year, and year-end losses of £160,049. Turnover was up from £4.46m to £6.11m.

The directors say the half-year results are disappointing due, in the main, to problems encountered in Australia. As a result, the directors have decided to pass the interim dividend again—last year's single payment was a final of 3p.

The recession in the contracting industry continues in Australia, where the group's associates suffered heavy losses.

The group has now returned to profitable trading in the UK following the rationalisation carried out in the fabrication companies. It is expected that the improvement will continue and be reflected in the results for the year. The loss per share was 3.51p against 7.5p.

MINING NEWS

Low metal prices and strong dollar hit Asarco and Phelps

BY KENNETH MARSTON, MINING EDITOR

Phelps Dodge and Asarco are the latest U.S. mining companies to report higher losses because of low metal prices, high interest rates, and adverse currency movements.

Phelps, a leading copper concern, lost a net $24.5m (£20.2m) in the third quarter of 1984, compared with a depressed $33.4m in 1983 due to a labour dispute.

This latest setback brought Phelps' total loss for the first nine months of this year to $50.2m, after crediting a gain of $25m on the settlement of litigation and $3.1m from the redemption of $109m of notes using the proceeds of a preference share issue. The loss for the first nine months of 1983 was $32m.

Phelps says that the fall in the copper price occurred despite continuing strong world demand for the metal and reductions in world stocks, which are still somewhat above normal levels. Phelps pointed out that a recovery in the copper price might depend on a continuing fall in stocks or a retreat in the value of the dollar.

Low prices for silver, lead and zinc as well as copper weighed heavily upon Asarco. For the third quarter Asarco incurred a net loss of $16.1m. This was after crediting pre-tax profits of $7.2m from the liquidation of last-in-first-out stocks and an after-tax benefit of $3.8m from the capitalisation of earlier exploration spending on the Canadian Aquarius gold mine.

Asarco's net loss for the first nine months of this year came out at $69.8m, including an exceptional pre-tax charge of $38m in the second quarter arising from the planned closure next year of the Tacoma, Washington, copper smelter. The result compares with posted net earnings of $46.6m for the first 39 weeks of 1983.

Mr Ralph L. Hennebach, chairman of Asarco, also points to the reduction in high world copper stocks which accumulated during the 1982-83 recession. However, he says that "the continuing decline in copper inventories and the recent weakening of the dollar are encouraging."

MINING NEWS IN BRIEF

South Africa's Transvaal Consolidated Land and Exploration (TCL) reports a net profit for the year to September 30 of R51.5m (£37.1m) compared with R82.7m in 1982-83. The dividend total is maintained at 280 cents with a final of 205 cents.

TCL says that its latest income statement does not include an additional deferred tax liability of R17.2m in respect of prior years. The charge attributable to ordinary shareholders amounts to R13.1m after allowing for R4.05m attributable to outside shareholders.

* * *

Increased bauxite production and sales are reported by Comalco, 67 per cent-owned by the Rio Tinto-Zinc group's Australian CRA. Output of bauxite for the first half of this year has risen to 6.93m tonnes from 4.49m tonnes in the same period of 1983. Shipments amount to 6.37m tonnes against 4.42m tonnes.

Production of primary aluminium has increased to 237,445 tonnes from 195,533 tonnes following the completion of the second potline in June at the Boyne Island smelter in Queensland.

* * *

The Vancouver-based Imperial Metals Corporation has acquired an option on the Parrdones Amarillos gold deposit in Mexico where indicated reserves are 2.5m tonnes grading 0.075 oz (2.3g) gold per tonne. It is aimed to establish an open-pit heap leaching operation at the property which was first worked in 1700.

Imperial Metals recently reached agreement for an option on the Parys Mountain base and precious metals property at Anglesey in North Wales which dates back to Roman times.

* * *

Rising gold output at Canada's Lac Minerals has lifted third quarter consolidated earnings to C$8.27m (£5.18m). The total for the first nine months of this year amounts to C$24.24m, or 95 cents per share, compared with C$17.85m in the same period of last year.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday October 31 1984

Eurodollar warrant enthusiasm persists, Page 42

'ALL STREET

Sluggish start shaken off

STRONG showing was made by Wall ʼeet financial markets yesterday with renewed fall in credit market rates nging a powerful rally in stock prices er the sluggishness of the previous ssion, *writes Terry Byland in New rk.*

The upturn in the stock market was ven ahead by a renewed surge in nds after predictions that tomorrow ll bring news of another sharp fall in joined the other optimistic factors. e key long bond ended more than a l point higher at 107 15/32.

At its peak the market was 19 points on the Dow scale, but gains were mmed before the end of the session, d the Dow Jones industrial average sed *a net 15.90 points higher at* 17.31. Turnover was moderate, with 6m shares traded.

The federal funds rate continued to e higher, but in the commercial mon- markets, where cash is currently ntiful, rates tumbled by 15 basis nts and more.

The bond market began to sense that lay will bring fresh indications of a nificant slowing in the economic pace the U.S. The Commerce Department's index of leading indicators for September is expected to *show only a minor* rise, or even a fall.

This expectation of reduced borrowing pressures and reduced inflationary expectations pushed bond prices ahead by nearly a full point. Also helping the mood was the support from the White House for Mr Donald Regan's call for lower interest rates and for an easing in Federal Reserve credit policies.

A rise in the federal funds rate to 10⅛ per cent was largely ignored in the money markets. The banking network appears to be flush with cash earmarked for the heavy Treasury fundings, some of which were postponed last month. Rates on bank certificates of deposit plunged by 20 or 25 basis points yesterday, pulling Treasury bill rates down with them.

The stock market remained cautious at first, with nervousness over the trend of corporate results heightened by the prospect of a sharper slowdown in the economy. But the lure of lower interest rates proved irresistible, and both turnover and stock price gains began to increase around noon.

With Wall Street still convinced that oil prices will be forced lower, airline is*sues regained favour. AMR* (American Airlines) added an early $¾ to $32⅛, United $½ to $43⅜ and Delta $⅞ to $37¾. The Dow Transportation average showed a midsession gain of more than five points.

Technology issues again provided a driving force for the rest of the market. IBM at $126⅛ gained $1½, while Burroughs added $⅝ to $53¾ and NCR $¾ to $26⅝.

Ratification of the wages contract by Canadian workers brought a gain of $1⅜ in *General Motors to $80¼. The change*over of the chairman's office at Ford saw the stock $1 better at $47¼, while Chrysler gained $¾ to $31⅝.

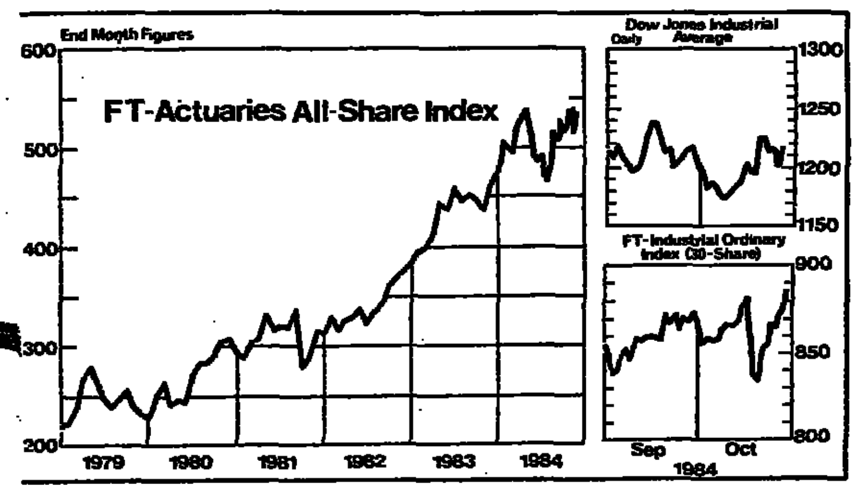
Bank stocks shrugged off fears that lower oil prices could again upset their international and domestic portfolios. Manufacturers Hanover added $⅜ to $31¼, while Citicorp at $36⅛ put on $⅞.

Crocker National Bank, suspended briefly as Midland of the UK announced success for an increased offer for the outstanding equity, returned at $25½ a gain of $1⅝.

The upturn in bonds gained pace after President Reagan had predicted lower interest rates. The price of the key long bond showed a gain of nearly a full point at 107 15/32. Once again, price rises increased towards the longer end, indicating optimism over the inflation outlook.

In the money markets, falls in Treasury bill rates were extended to 16 basis points to offer 9.20 per cent on three-month bills. Certificate of deposit rates remained at their lowest levels of the session.

KEY MARKET MONITORS



STOCK MARKET INDICES			
NEW YORK	Oct 30	Previous	Year ago
DJ Industrials	1,217.31	1,201.41	1,223.48
DJ Transport	529.64	525.02	576.61
DJ Utilities	142.50	141.41	139.26
S&P Composite	166.84	164.78	163.37
LONDON			
FT Ind Ord	885.1	878.2	706.2
FT-SE 100	1,145.2	1,136.1	927.4
FT-A All-share	540.23	536.3	438.24
FT-A 500	588.0	583.86	475.26
FT Gold mines	510.4	519.2	444.6
FT-A Long gilt	10.36	10.40	10.34
TOKYO			
Nikkei-Dow	11,171.55	11,176.93	9,321.37
Tokyo SE	858.71	853.55	683.30
AUSTRALIA			
All Ord.	749.0	750.8	662.7
Metals & Mins.	437.6	441.6	504.2
AUSTRIA			
Credit Aktien	57.35	57.27	54.25
BELGIUM			
Belgian SE	163.31	163.32	122.73
CANADA			
Toronto			
Metals & Mins	1,943.06	1,931.6	2,231.0
Composite	2,362.11	2,353.0	2,360.3
Montreal			
Portfolio	116.52	115.7	115.30
DENMARK			
Copenhagen SE	167.42	166.48	199.05
FRANCE			
CAC Gen	181.3	181.9	141.3
Ind. Tendance	117.3	118.5	89.1
WEST GERMANY			
FAZ-Aktien	368.25	363.82	339.28
Commerzbank	1,075.6	1,062.0	1,006.9
HONG KONG			
Hang Seng	1,019.21	1,039.3	826.13
ITALY			
Banca Comm.	211.61	209.87	185.71
NETHERLANDS			
ANP-CBS Gen	179.3	179.9	137.1
ANP-CBS Ind	141.3	142.1	112.0
NORWAY			
Oslo SE	273.43	268.71	203.36
SINGAPORE			
Straits Times	840.65	842.94	948.89
SOUTH AFRICA			
Golds	1,021.5	1,030.7	891.6
Industrials	892.8	889.3	891.2
SPAIN			
Madrid SE	141.81	144.02	125.23
SWEDEN			
J & P	n/a	1,462.78	1,436.33
SWITZERLAND			
Swiss Bank Ind	378.8	379.6	345.9
WORLD	Oct 29	Prev	Year ago
Capital Int'l	183.2	184.1	177.9

GOLD (per ounce)	Oct 30	Prev
London	$336.00	$335.75
Frankfurt	$336.00	$336.625
Zurich	$336.25	$336.25
Paris (fixing)	$336.74	$335.98
Luxembourg (fixing)	$336.05	$335.15
New York (Dec)	$336.50	$338.00

Latest available figure

CURRENCIES	U.S. DOLLAR		STERLING	
(London)	Oct 30	Previous	Oct 30	Previous
$	–	–	1.2135	1.209
DM	3.0435	3.0725	3.6925	3.715
Yen	245.5	246.65	297.75	297.25
FFr	9.34	9.4125	11.3175	11.3775
SwFr	2.5055	2.521	3.04	3.0475
Guilder	3.437	3.4523	4.17	4.18
Lira	1,883.0	1,904.5	2,350.5	2,299.0
BFr	61.45	61.91	74.75	74.8
C$	1.31755	1.3191	1.59825	1.5965

INTEREST RATES	Oct 30	Prev
Euro-currencies (3-month offered rate)		
£	10 11/16	10 11/16
SwFr	5 7/16	5¼
DM	5 9/16	5⅝
FFr	11	11
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 5/16	10⅜
6-month U.S.$	10⅜	10½
U.S. Fed Funds	10⅛	9 15/16
U.S. 3-month CDs	9.85	9.90
U.S. 3-month T-bills	9.20	9.255

U.S BONDS	Oct 30*		Prev	
Treasury	Price	Yield	Price	Yield
11¾ 1986	100 9/32	11.11	100 1/32	11.27
12⅜ 1991	102 21/32	11.67	101 25/32	11.85
12⅜ 1994	104 9/32	11.75	104 1/32	11.89
12¼ 2014	107 15/32	11.52	106 17/32	11.72
Corporate	Oct 30*		Prev	
	Price	Yield	Price	Yield
AT & T				
10⅜ June 1990	92⅞	12.15	92⅞	12.15
3⅝ July 1990	71	10.85	71	10.85
8⅜ May 2000	75⅛	12.30	75⅛	12.30
Xerox				
10¼ March 1993	91⅞	12.30	91⅞	12.30
Diamond Shamrock				
10⅞ May 1993	90⅞	12.40	90⅞	12.40
Federated Dept Stores				
10⅞ May 2013	75½	12.30	75½	12.30
Abbot Lab				
11.80 Feb 2013	93	12.70	93	12.70
Alcoa				
12¼ Dec 2012	95⅛	12.85	95⅛	12.85

FINANCIAL FUTURES				
CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	71-05	71-06	70-03	69-31
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	90.76	90.77	90.57	90.56
Certificates of Deposit (IMM) $1m points of 100%				
Dec	90.05	90.06	89.78	89.75
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	89.50	89.50	89.36	89.36
20-year Notional Gilt £50,000 32nds of 100%				
Dec	107-04	107-08	106-18	106-19

COMMODITIES		
(London)	Oct. 30	Prev
Silver (spot fixing)	594.60p	595.85p
Copper (cash)	£1,072.50	£1,074.00
Coffee (Nov)	£2,517.50	£2,522.50
Oil (spot Arabian light)	$27.97	$28.05

LONDON

Gilts show the way forward

CONTINUED SUPPORT *for government securities enabled the London* authorities to further their funding programme yesterday.

The ease which the authorities have funded over the past 48 hours did not pass unnoticed. Many brokers believed that foreign investors must have been active while the domestic institutions harboured reservations about sterling.

Selected issues among longer-dated stocks closed ½ up on the day. Medium-life gilts managed gains ranging to ⅜, but progress in the shorts was checked by firm money-market interest rates.

Selective buying was seen among leading industrial shares, although Tarmac weakened 12p to 478p, after 472p, following news of a 14.3m placing to finance the U.S. acquisition of Lone Star Industries.

Equity sentiment was again helped by the gilt-edged tone. The FT Industrial Ordinary share index, which began frac*tionally lower, soon picked up to close* 6.9 up at the session's highest of 885.1.

Thorn EMI came to life with a flourish, closing 28p higher at 458p – the sharp advance being accompanied by vague talk of a share stake having changed hands. However, the company said it knew of no reason for the rise.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

AUSTRALIA

A MODERATE decline was posted in Sydney, in a market which was unable to find any stimulus. Mining stocks declined in line with trends in commodity prices, and industrials were mixed to lower.

Nicholas Kiwi put on a further 50 cents to A$5.10 in the wake of Reckitt and Colman's increased bid of A$5 a share, which came in response to the higher offer planned by Consolidated Foods of the U.S.

AUC Holdings, trading at A$4.55, was well above the A$4.10 a share offer made by Morgan Guarantee Trust. Industrial *Equity has acquired 19.9 per cent of* AUC, and Entrad has 11 per cent, with both expected to hold out for an improved offer.

SOUTH AFRICA

THE RAND'S fluctuations against the dollar on the foreign exchanges again dominated activity among Johannesburg stocks where golds ended broadly easier, having fallen back from a firmer opening.

Randfontein shed R1 to R215 while Vaal Reefs dipped R3 to R175.

Mining houses and other mining stocks were mostly easier, with De Beers, the diamond producer, dropping 12 cents to R8.38. Against the trend, Impala Platinum added 25 cents to R25.

Industrials were narrowly mixed, with Barlow Rand 10 cents easier at R10.40 and SA Breweries 5 cents firmer at R6.35.

SINGAPORE

A RECOVERY was made in Singapore after further early declines, although the improvement was attributed to a technical reaction to the sharp falls seen in the previous four trading sessions.

The Straits Times index, which was down 5.91 at midday, ended 2.29 lower on balance at 840.65 on volume that had picked up to 10.8m from Monday's 8.9m shares.

Pan Electric, the most actively traded issue, was unchanged at S$3.16, while among the publishers, Times Publishing shed 25 cents to S$7.70 on its second full day since its reappearance.

CANADA

A FIRMER trend was seen in Toronto, in line with the upturn on Wall Street, as golds, oils and base metals recovered some of the losses seen on Monday.

Montreal also found advances among industrials, utilities and the banking sector.

EUROPE

Frankfurt bargains draw buyers

A STEADY but uninspired day for the European bourses was featured by a revival in West German demand, with bargain-hunters reversing a decline prompted in part by the widening Flick bribery allegations.

A return of foreign buying to **Frankfurt** assisted a 13.6 rally in the Commerzbank index at 1,075.6, although this left it still 25.6 off its peak, set as recently as October 22. Volume, however, never reached anything above moderate levels and all but dried up in the last half-hour.

The financial side did better than most, taking Deutsche Bank DM 3.70 higher to DM 369.20 and boosting insurer Allianz by DM 25 to DM 1,080 after touching DM 1,090.

Lufthansa meanwhile revived DM 5 to DM 173.50, shaking off oil price uncertainties and taking heart from this week's bullish Iata outlook for airline profitability.

KHD, which at DM 257 was DM 8.50 ahead, led the engineering sector amid industry estimates of a strong inflow of overseas orders.

Domestic bonds erased the previous *day's losses with gains of up to 60 basis* points, allowing the Bundesbank to offload DM 107.3m in paper. Turnover was described as relatively low, however.

Declines in **Amsterdam** held a slight edge over advances, but sharp downward adjustments were few. Unilever lost Fl 3 to Fl 299 while AmRo's removal of a lending surcharge – implying a tightening of margins – brought an initial Fl 1.20 fall which was, by the close, trimmed to 70 cents at Fl 65.50.

KLM was another beneficiary of the Iata optimism, firming 50 cents to Fl 42.80 ahead of results due this week.

Bonds held barely steady.

Paris, closed for four days from tomorrow, drifted lower. Dumex shed FFr 15 to FFr 685 while BSN-Gervais reacted FFr 40 downward after parent company results, its FFr 2,450 finish bringing a two-day fall of FFr 75, or nearly 3 per cent. Matra put on FFr 19 to FFr 1,848 amid its link-up with Norsk Data.

The reshape expected by many to follow the death of Sig Carlo Pesenti continued to buoy **Milan.** Italcementi jumped L1,570 to L55,650, Generali L900 to L31,250 and Italmobiliare L4,300 to L68,100, with demand persisting after hours.

Bonds were actively dealt but narrowly mixed.

A quiet **Zurich** was again featured by *Gavazzi, which added SwFr 150 to SwFr* 4,050 as active domestic demand carried through to its second day's trading. The close was a 68¾ per cent premium on its SwFr 2,400 issue price.

Better domestic bond business produced gains of about ¼ point.

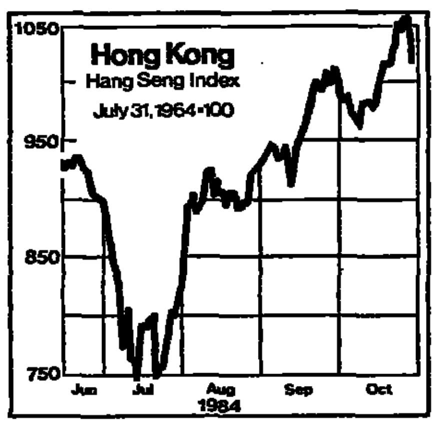
Brussels rewarded Cometra's shift of assets from Zaire to the U.S. with a BFr 50 gain at BFr 3,120, while a firm steel sector allowed Cockerill-Sambre a BFr 8 rise to BFr 295. Wagons-Lits, which acquired a French hotel chain, picked up BFr 60 at BFr 2,660.

Selling pressure mounted in **Stockholm,** with a SKr 12 fall in MoDo to SKr 248, bringing a two-session setback of SKr 27.

Salinvest, before its requested suspension, pending a statement today, had shed a further SKr 3.50 to SKr 27, an all-time low, which compares with a 1983-84 peak of SKr 183.

In **Oslo,** Norsk Data also did well from the Matra connection, *adding NKr 9.50* to NKr 337.50. **Copenhagen,** however, marked Novo DKr 30 lower still, its DKr 1,200 level representing another year's low.

Utilities led **Madrid** lower.



HONG KONG

STEEP FALLS were encountered for the second consecutive day in Hong Kong, with local operators expressing surprise at the scale of the decline, *writes David Dodwell in Hong Kong.*

They blamed a drop in overseas buying interest and a burst of corporate fund raising aimed at exploiting renewed stock market confidence.

The Hang Seng index fell 20.09 to end at 1,019.21. This followed the 17.54 fall on Monday.

Some operators suggested the market had reached a plateau after rising by 40 per cent since the low point of mid-July, with some investors taking this opportunity to take profits.

Others said buying interest had been exhausted by a series of fund raising plans – including a HK$400m rights issue and share sale by the Regal Hotels group and a HK$57m share placing by Playmates Holdings, a local toy and doll manufacturer.

TOKYO

Financials fail to bring firm result

AN ADVANCE by financial issues in Tokyo bolstered the Nikkei-Dow market average, which touched an all-time high in early trading but closed lower on the late weakness of pace-setting speculatives, *writes Shigeo Nishiwaki of Jiji Press.*

With investor enthusiasm dampened by continued slackness on Wall Street, trading was generally expected to remain slow for the time being.

The Nikkei-Dow index ended the morning at a record 11,196, up 19.65 to eclipse the previous peak of 11,190 reached on May 4. But it closed a net 5.38 down at 11,171.55.

Turnover declined to 307.18m shares from 362.83m, while advances led declines by 361 to 355, with 156 issues unchanged.

The early rally was prompted by active buying of city banks and non-life insurance companies. Sumitomo Bank added Y50 to a record Y1,290, topping its previous high of Y1,260 registered on May 14. Dai-Ichi Kangyo Bank climbed Y70 to Y1,080, Mitsubishi Bank Y90 to Y1,100 and Fuji Bank Y80 to Y1,100.

Sumitomo Marine and Fire ranked third among the most active stocks with 7.25m shares traded, rising Y21 to Y534. Nippon Seiko was volume leader with 9.24m shares, gaining Y19 to Y730 on the strong performance of its ball bearing division.

However, profit-taking pressure mounted in late trading on investor concern over high prices, leaving pharmaceuticals lower. Dainippon Pharmaceutical shed Y250 to Y5,340, and Mochida Pharmaceutical registered a maximum allowable daily fall of Y500 to Y13,600.

Iwatsu Electric fell Y170 to Y1,310 after its announcement that the company's recurring profit would fall in the financial year ending next March, the first decline for nine years.

NEC advanced Y20 to Y1,290 on the strength of a record Y53bn recurring profit, for the first half (to September) of the current financial year. Conversely, other blue chips eased on a broad front, with Hitachi falling Y12 to Y881, Mat*sushita Electric Industrial Y30 to Y1,650,* TDK Y110 to Y5,190 and Kyocera Y190 to Y7,850.

Bond trading was extremely thin, as institutional investors awaited the U.S. presidential election and a series of tenders for U.S. government bonds.

The yield on the benchmark 7.5 per cent government bond due in December 1993 closed at 6.870 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
	13½	AAR	.48	2.2	19	75	22¼	22	22	
30½	9⅜	AGS			10	233	12⅜	12¼	12⅜	+⅛
22	13½	AMCA	n 1	6.8		1	14¾	14¾	14¾	−¼
18⅞	13½	AMF	.50	3.2	87	130	15⅝	15¼	15⅝	+⅛
41⅞	24⅝	AMR			5	7441	32⅜	31⅝	31⅞	+⅜
20⅝	18¼	AMR pf2.18		11		24	19⅝	19⅜	19⅜	
41½	27½	AMR pf2.13		6.4		345	33⅝	33⅜	33⅜	+⅝
25½	22⅞	ANR pf2.67		11		2	24⅜	24½	24⅜	
23	19	ANR pf2.12		11		1	19¾	19¾	19¾	
16¾	8½	APL			4	10	13½	13⅜	13½	−⅛
68¼	46⅝	ARA	2.10	3.1	14	636	u68½	68⅛	68⅛	
69¾	44¾	ASA	3a	5.5		756	55¼	54⅜	55	+½
30⅝	16½	AVX	.22	1.7	11	65	18⅞	18⅛	18⅞	+⅝
51½	38¾	AbtLab	1.20	2.9	13	2210	41¾	41¼	41⅝	+¼
23⅝	16⅜	AccoWd	s		18	98	21¾	21½	21⅝	−⅛
27¼	12½	AcmeC	.40	2.5		65	15⅞	15½	15¾	+⅛
12⅜	8¾	AcmeE	.32b	3.2	14	26	10	9⅞	9⅞	+⅛
24⅞	11	AdmEq	.04	.2	13	18	24½	24¼	24¼	
18¾	15	AdaEx	2.11e	13.		38	16¾	16½	16½	
18⅞	11⅞	AdmMl	.28	1.8	8	19	15⅝	15⅜	15⅜	+⅛
22	13½	AdvSys	.81t	5.4	14	61	15¼	15	15⅛	−⅛
41⅞	25⅝	AMD			14	4950	32⅞	31½	32⅞	+1⅛
14⅝	7⅜	Advest	.12	1.3		65	9	8⅞	9	+⅛
17⅞	9⅝	Aerflex			11	137	12½	11⅞	12	−⅛
39	27¼	AetnLf	2.64	7.3	30	2295	36⅜	35⅞	36⅜	+⅜
58¾	52⅜	AetL pf5.76e		11.		2005	55	54⅜	54¾	+¼
34½	15¾	Ahmns	1.20	5.0	11	1186	24⅜	23¾	24⅛	+⅜
5½	2⅝	Aileen				19	2⅞	2¾	2⅞	+⅛
48⅜	38½	AirPrd	1.20	2.7	10	250	45⅛	44¾	45⅛	+⅜
30⅝	13	AlrbFrt	.60	3.2	11	44	19⅝	18⅞	19	
3¾	1⅝	AlaMoa	.50e	14.		199	3⅝	3½	3⅝	
31⅞	26¾	AlaP pfA3.92		13.		20	29⅜	29⅛	29⅛	−¼

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
8⅝	3¼	Wurltzr				20	4¼	4⅛	4⅛	−⅛
25⅝	10¼	WyleLb	.32	2.5	8	98	12⅝	12⅜	12⅝	+⅛
21	16½	Wynns	.80	3.2	7	6	18⅞	18⅝	18⅞	+⅛
		X–Y–Z								
52⅛	33¾	Xerox	3	8.4	10	4151	35⅞	35¼	35⅝	+⅛
51⅛	45¼	Xerox	pf5.45	11		708	49⅝	49⅛	49⅝	+⅜
37	19	XTRA		2.4	9	17	26⅝	26½	26½	−¼
33⅞	24	ZaleCp	1.32	4.8	9	20	27⅝	27½	27½	+¼
24⅝	15¼	Zapata	.84	5.3	11	571	15⅞	15⅝	15⅝	+⅛
49	28¾	Zayre	.40b	.9	13	216	45⅞	44⅞	45⅝	+⅝
38⅝	20	ZenithE			8	1306	23¼	22⅜	23¼	+1
27⅝	18	Zero	s .36	1.6	17	25	22⅞	22¼	22⅞	+⅝
34	21⅛	Zurnin	1.32	5.6	10	40	23⅞	23⅝	23⅝	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 30	Price Sch%	+ or —
Creditanstalt	213	—1
Goesser	330	...
Interunfall	388	...
Laenderbank	215	...
Perlmooser	352	—2
Steyr-Daimler	151	+10
Veitscher Mag	244	—1

BELGIUM/LUXEMBOURG

Oct. 30	Price Frs.	+ or —
B.B.L.	1,840	+40
Bekaert B	4,910	—40
Ciment CBR	2,710	—10
Cockerill	295	—8
Delhaize	6,000	+50
EBES	2,845	—10
Electrobel	8,540	—10
Fabrique Nat	2,190	—10
GB Inno BM	3,345	—20
GBL (Brux)	2,335	+5
Gevaert	3,745	—80
Hoboken	6,320	—20
Intercom	2,170	+20
Kredietbank	7,600	—10
Pan Hldgs	10,000	...
Petrofina	7,380	—40
Royale Belge	9,900	+50
Soc. Gen. Banq	3,245	—55
Soc. Gen. Belge	1,870	—20
Sofina	8,000	...
Solvay	4,420	—36
Stanwick Intl	1,490	—10
Tractionel	4,255	...
UCB	5,400	...
Wagon Lits	2,650	+60

DENMARK

Oct. 30	Price Knr %	+ or —
Andelsbanken	260	+2
Baltic Skand	555	—5
CopHandelsbank	271	—4
D. Sukkerfab	585	+10
Danske Bank	265	—4
De Danske Luft	1100	...
East Asiatic	179	...
Forenede Brygg	760	+15
Forenede Damp	109	+1
GNT Hldg	395	...
I.S.S.B.	415	...
Jyske Bank	470	+5
Novo Ind	1,200	—30
Privatbanken	240	+3
Provinsbanken	318	+2
Smidth (F)	237	...
Sophus Berend	850	...
Superfos	459	+6

FRANCE

Oct. 30	Price Frs.	+ or —
Emprunt 4½% 1973	1,718	—3
Emprunt 7% 1973	9,005	—7
Accor	239.8	—1.2
Air Liquide	571	—4
BIC	513	...
Bongrain	1,845	—35
Bouygues	629	+1
BSN Gervais	2,450	—40
CIT-Alcatel	1,249	—1
Carrefour	1,729	+14
Club Mediter'n	1,058	—7
Cie Bancaire	570	+1
Cofimeg	299.1	—0.4
Damart	2,275	+15
Darty	1,125	—4
Dumez S.A.	685	—15
Eaux (Cie Gen)	524	—5
Elf-Aquitane	234	—2.4
Essilor	2,898	—2
Gen. Occidentale	676	—3
Imetal	84	...
Lafarge Coppee	373.5	—1
L'Oreal	2,550	—25
Legrand	1,937	—9
Maisons Phenix	167	+1
Matra S.A.	1,848	+19
Michelin B	855	—15
Midi (Cie)	1,850	...
Moet-Hennessy	1,815	—5
Moulinex	96	—1
Nord Est	67.8	+0.3
Pernod Ricard	752	—8
Perrier	512	—7
Petroles Fra	233.5	+2
Peugeot S.A.	208.5	—3.6
Printemp.Aus	165.1	—2.8
Radiotech	239	...
Redote	1,195	—20
Rousel-Uclaf	1,650	—42
Sefimeg	265	—3
SkisRossignol	1,705	—5
Telemech Elect	1,980	+10
Thomson CSF	378	—4
Valeo	231.5	—1.5

GERMANY

Oct. 30	Price Dm.	+ or —
AEG-Telef	104.7	+3.7
Allianz Vers	1,080	+25
BASF	168	+1.5
Bayer	180.2	+2
Bayer-Hypo	298	+4
Bayer-Verein	322	+2
BHF-Bank	268	—1
BMW	379	...
Brown Boveri	201.8	+1.8
Commerzbank	167	+1.5
Cont'l. Gummi	123	—3
Daimler-Benz	581.5	+1.5
Degussa	366	+2.5
D'sche Babcock	148	+3
Deutsche Bank	369.2	+3.7
Dresdner Bank	171.5	+2.5
GHH	156	+3
Hochtief	475	+1
Hoechst	176.8	+1.8
Hoesch Werke	107	+1.5
Holzmann (P)	370	+2
Horten	175	+3
Hussel	280.5	+5
Karstadt	233	+3
Kaufhof	222	+0.5
KHD	257	—8.5
Kloeckner	78	+2.8
Linde	382	+2
Lufthansa	173.5	+5
MAN	155	—1
Mannesmann	151.5	—1.4
Mercedes Hld	508.5	—1.5
Metallgesell	212.5	—2.5
Muench Rueck	1130	—20
Nixdorf	526.1	+2.1
Porsche	1027	—1
Preussag	245.5	—1.5
Rhein West Elect	162.5	—1
Rosenthal	253	...
Schering	393.5	+1.5
Siemens	441.3	+3.8
Thyssen	79	+1.5
Varta	170	+3
Veba	167.5	+0.2
V.E.W.	118.5	—1
Verein-West	294	+1
Volkswagen	197.5	+8.3

ITALY

Oct 30	Price Lira	+ or —
Banca Com'le	15,705	...
Bastogi-IRBS	114	+11.5
Centrale	2,150	+25
Credito Varesino	3,897	—3
Fiat	1,760	—1
Finsider	46	—1.75
Generali Assicur.	31,250	+900
Invest	2,830	+28
Italcementi	55,650	+1,370
La Rinascenti	459	—1
Montedison	1,170	—4
Olivetti	6,061	—19
Pirelli Co	2,995	+15
Pirelli Spa	1,735	—15
Snia BPD	1,864	—8
Toro Assic	11,560	—160
do. Pref	8,300	+100

NETHERLANDS

Oct. 30	Price Fls	+ or —
ACF Holding	190	+1
AEGON	133.8	+2
Ahold	187	—1.5
AKZO	103.5	+0.6
ABN	338	...
AMEV	189.5	+0.8
AMRO	65.5	—0.7
Bredero Cert	153	—2
Bos Kalis Westm.	15.3	—0.7
Buehrmann-Tet	69.3	+0.5
Calland Hldgs.	32	+0.2
Dordtsche Pet'm	149.7	—1.3
Elsevier-NDU	112.3	+2.8
Fokker	67	+0.5
Gist Brocades	162	—4
Heineken	142.5	+2.1
Hoogovens	65.2	...
Int Mueller	38.2	+0.1
KLM	42.8xc	+0.5
Naarden	46.4	...
Nat Ned Cert	239	—1
Ned Mid Bank	149	...
Nedlloyd	152.5	+1.5
Oce Grinten	273.5	—0.9
Ommeren (Van)	28.9	—0.1
Pakhoed	60.3	+1.3
Philips	56.9	—0.1
Robeco	67.3	...
Rodamco	134.9	+0.1
Rolinco	63.8	—0.2
Rorento	42.6	...
Royal Dutch	169	—0.5
Unilever	299	—3
VMF Stork	132.3	...
VNU	190.5	+1.5
West Utr Bank	106.5	+0.6

NORWAY

Oct. 30	Price Kroner	+ or —
Bergens Bank	169.5	+4
Borregaard	300	...
Christiania Bank	156	...
DenNorske Cred	159.5	+1
Elkem	127.5	...
Kvaerner	176	+2
Norsk Data	337.5	...
Norsk Hydro	125.0xa	+0.5
Storebrand	178	...

SPAIN

Oct. 30	Price Pta%	+ or —
Bco Bilbao	340	—4
Bco Central	346	—4
Bco Exterior	212	...
Bco Hispano	237	—3
Bco Popular	385	—7
Bco Santander	325	—1
Dragados	159	—1
Hidrola	72.7	—1.5
Iberduero	78.5	—2.2
Petroleos	139	—3
Telefonica	95	—1

SWEDEN

Oct. 26	Price Kronor	+ or —
AGA	350	—30
Alfa-Laval	206	...
ASEA (Free)	355	+3
Astra (Free)	400	...
Atlas Copco	103	...
Cardo (Free)	246	...
Cellulosa	119	+1
Electrolux B	237	—3
Ericsson	346	—2
Esselte	296	...
Mo Och Domsjo	275	—4
Pharmacia	192	—4
Saab Scania Free	485	...
Sandvik	390	+15
Skandia	305	—7
Skan Enskilda	54.5	—0.5
SKF	164	—1
St Kopparbergs	175	—5
Sven Handlesbn	183	+3
Swedish Match	272	+6
Volvo B (Free)	238	—1

SWITZERLAND

Oct. 30	Price Frs.	+ or —
Alusuisse	740	—5
Bank Leu	3,650	+10
Brown Boveri	1,340	...
Ciba Geigy	2,510	...
do. (Part Certs)	1,960	—5
Credit Suisse	2,260	+5
Elektrowatt	2,500	—10
Fischer (Geo.)	530	—5
Hoff-RochePtCts	92,250	—375
Hoff-Roche 1/10	9,225	—50
Jacobs Suchard	6,000	...
Jelmoli	1,650	...
Landis & Gyr	1,535	+5
Nestle	5,300	—10
Oer-Buehrle	1,330	...
Pirelli	276	...
Sandoz (Br)	6,950	—175
Sandoz (PtCts)	1,092	—3
Schindler (PtCts)	600	...
Sika	900	...
Surveillance	3700	...
Swissair	1012	+2
Swiss Bank	357	—2
Swiss Reinsce	7,350	...
Swiss Volksbk	1,515	...
Union Bank	3,385	+5
Winterthur	3,000	...
Zurich Ins	17,800	...

AUSTRALIA

Oct. 30	Price Aust $	+ or —
ANZ Group	5.24	+0.12
Alliance Oil Dev	0.96	...
Ampol Pet	1.78	+0.05
Ashton	0.88	—0.01
Aust Cons Ind	1.91	...
Aust. Guarantee	3.18	+0.06
Aust. Nat. Inds	2.88	+0.02
Aust. Paper	2.35	+0.05
Bell Group	5.42	+0.06
Bell Res	4.65	—0.13
Bond Corp Hldgs	1.5	—0.05
Boral	3.33	—0.02
Bougainville	1.73	—0.05
Brambles Inds	3.45	—0.05
Bridge Oil	2.55	...
B.H. Prop	10.1	—0.05
CRA	4.98	...
CSR	2.97	...
Carlton Utd	4.30	...
Castlemaine Tys	5.	...
Coles (G.J.)	4.05	—0.05
Comalco "A"	2.4	—0.1
Consolidated Pet	0.51	—0.02
Costain Aust	1.3	...
Dunlop Aust	1.79	—0.01
E.Z. Inds	6.4	...
Elders IXL	4.65	...
Energ Res	1.48	+0.01

AUSTRALIA (continued)

Oct. 30	Price Aust. $	+ or —
Gen Prop Trust	2.33	...
Hardie (James)	3.45	+0.01
Hartogen Energy	2.25	+0.02
Herald W'yTimes	4.05	...
ICI Aust.	2.16	+0.01
Jimberlana F.P.	0.3	+0.04
Kia Ora Gold	0.12	...
Lend Lease	5.7	...
MIM	2.62	—0.01
Mayne Nickless	3.85	—0.01
Myer Emporium	1.8	—0.02
Nat. Aust. Bank	3.47	—0.01
News	9.2	—0.3
Nicholas Kiwi	5.1	—0.5
North Bkn Hill	2.24	—0.06
Oakbridge	0.75	+0.02
Pancont'l	1.12	—0.01
Pioneer Conc	1.61	—0.01
Poseidon	3.15	—0.05
Queensland Coal	1.14	...
Reckitt & Coln	2.88	...
Repco	1.23	—0.02
Santos	6.28	—0.04
Smith (Howard)	4	+0.05
Thos. Natwide	1.86	—0.01
Tooth	5.6	...
Vamgas	3.45	...
Western Mining	3.00	...
Westpac Bank	5.95	—0.01
Woodside Petrol	1.16	—0.01
Woolworths	2.66	...
Wormald Intl	2.95	—0.05

HONG KONG

Oct. 30	Price H.K.$	+ or —
Bank East Asia	20.1	—0.4
Cheung Kong	8.2	—0.15
China Light	15.0	—0.5
Evergo	1.63	...
Hang Seng Bank	36.5	—0.5
HK Electric	6.1	...
HK Kowloon Wh.	4.1	—0.12
HK Land	3.22	—0.08
HK Shanghai Bk.	6.55	—0.15
HK Telephone	44.5	...
Hutchison Wpa	14.1	—0.2
Jardine Math	7.45	—0.2
New World Dev	3.82	—0.05
Orient O'seas	2.55	...
Oseas Trust Bk	2.45	+0.17
SHK Props	7.25	...
Shell Elect	2.05	+0.05
Swire Pac A	18.4	—0.6
TV—B	4.67	—0.05
Wheel'k Mard A	3.55	—0.07
Wheel'k M'time	1.46	...
World Int. Hldgs	1.4	—0.06

JAPAN

Oct. 30	Price Yen	+ or —
Ajinomoto	1,070	...
Alps Electric	2,280	—20
Amada	1,160	—30
Asahi Chem	577	—2
Asahi Glass	925	—6
Bridgestone	580	—5
Canon	1,580	—20
Casio Comp	1,660	—30
Chugai Pharm	1,120	—50
Citizen	625	...
Daiei	654	—4
Dai Nippon Ptg	1,040	—30
Daiwa House	523	+3
Ebara	385	+5
Eisai	1,280	—30
Fanuc	11,700	—180
Fuji Bank	1,100	+80
Fuji Film	1,690	—20
Fujisawa	1,060	—30
Fujitsu	1,480	...
Green Cross	1,740	—10
Hasegawa	370	...
Heiwa Real Est	565	—3
Hitachi	881	—12
Hitachi Credit	1,120	...
Honda	1,250	...
House Food	710	...
Hoya	2,650	—30
Itoh (C)	287	+6
Ito. Yokado	2,420	—10
Iwatsu	1,310	—170
JACCS	314	...
JAL	4,570	—160
Jusco	779	—4
Kajima	269	—1
Kao Soap	790	...
Kashiyama	626	—9
Kirin	545	+7
Kokuyo	920	—10
Komatsu	445	—6
Konishiroku	588	—2
Kubota	318	+3
Kumagai	428	+7
Kyoto Ceramic	7,850	—190
Maeda Const	454	+2
Makino Milling	1,380	—20
Makita	1,080	...
Marubeni	321	—11
Marudai	598	—18
Marui	1,040	...
MEI	1,650	—30
M'ta Elec Works	655	—5
M'bishi Bank	1,100	—90
M'bishi	519	+9
M'bishi Elec	420	—8
M'bishi Estate	491	+1

JAPAN (continued)

Oct. 30	Price Yen	+ or —
MHI	228	—2
Mitsui Co	322	—1
Mitsui Estate	567	—3
Mitsukoshi	344	—3
NGK Insulators	593	—3
Nihon Cement	195	—3
Nippon Denso	1,520	—30
Nippon Elect	1,390	—20
Nippon Express	308	—7
Nippon Gakki	1,250	—10
Nippon Kokan	136	...
Nippon Oil	895	...
Nippon Seiko	730	—19
Nippon Shimpan	515	—5
Nippon Steel	149	...
Nippon Suisan	318	—1
NTV	11,990	—290
Nippon Yusen	227	—2
Nissan Motor	608	—2
Nisshin Flour	495	—2
Nisshin Steel	163	...
Nomura	735	—12
Olympus	1,190	...
Orient Leasing	3,140	—20
Pioneer	2,350	...
Renown	630	—7
Ricoh	1,080	—10
Sankyo	952	—8
Sanyo Elect	511	—1
Sapporo	353	—1
Sekisui Prefab	735	—15
Seven-Eleven	8,840	—90
Sharp	1,140	—20
Shimadzu	714	—9
Shionogi	730	...
Shiseido	1,150	...
Sony	3,650	—10
Stanley	650	—10
S'tomo Bank	1,290	—50
S'tomo Elect	935	—4
S'tomo Marine	534	—21
S'tomo Metal	149	—2
Taihei Dengyo	530	—2
Taisei Corp	193	—2
Taisho Pharm	947	...
Takeda	818	—12
TDK	5,190	—110
Teijin	419	—4
Teikoku Oil	700	—10
Tokyo Marine	800	—20
TBS	1,000	...
Tokyo Elect Pwr	1,240	—30
Tokyo Gas	156	...
Tokyo Sanyo	755	—3
Tokyo Style	745	—4
Tokyu Corp	357	—6
Toppan Print	890	—7
Toray	415	—3
Toshiba Elect	443	—2
TOTO	590	—5
Toyo Seikan	796	—4
Toyota Motor	1,380	—20
Victor	1,910	—10
Wacoal	761	—15
Yamaha	608	—15
Yamanouchi	1,790	—40
Yamazaki	664	—8
Yasuda Fire	341	—5
Yokogawa Bdge	419	—1

SINGAPORE

Oct. 30	Price $	+ or —
Boustead Hldgs	1.85	—0.01
Cold Storage	3.26	—0.02
DBS	6.0xa	...
Genting	4.92	...
Haw Par Bros	2.12	...
Hong Leong Fin	2.22	—0.02
Inchcape Bhd	2.20	...
Keppel Shipyard	2.79	...
Malay Banking	7.00	—0.05
Malay Utd. Ind	2.40	—0.01
Multi Purpose	0.96	—0.01
OCBC	9.15	—0.15
OUB	3.32	—0.02
Public Bank	1.83	—0.01
Sime Darby	1.89	—0.01
Straits Trdg	4.36	—0.02
Tat Lee Bk	3.04	—0.04
UOB	4.5	—0.06

SOUTH AFRICA

Oct. 30	Price Rand	+ or —
Abercom	1.45	...
AE&CI	8	...
Anglo Am Coal	35.75	—0.25
Anglo Am Corp	24.9	—0.15
Anglo Am Gold	172	...
Barclays Bank	16.5	...
Barlow Rand	10.4	—0.1
Buffels	77.75	—2.5
CNA Gallo	3	...
Currie Finance	4.05	—0.1
De Beers	8.8	—0.1
Driefontein	58.00	—0.5
FS Geduld	35.00	...
Gold Fields SA	68	...
Highveld Steel	4.55	...
Nedbank	12.5	...
OK Bazaars	13.25	—0.25
Protea Hldgs	3	...
Rembrandt	29.0	...
Rennies	18.25	...
Rust Plat	16.25	—0.1
Sage Hldgs	7.15	—0.05
SA Brews	6.85	—0.15
Smith (CG)	18.7	...
Tongaat Hulett	12.25	—0.05
Unisec	4.2	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hlds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr 13pc 90	£109¾	+1¾
Tr 13½pc 00-03	£134¾	+1¾
Aitken Hume	163	+ 8
App Computer	250	+20
BAT Inds	360	+10
Barratt Devs	98	+ 8
Burton	347	+11
Cambridge Elect	380	+13
Chemring	313	+23
Cra Lodge New	158	+15
Fisher (A)	118	+ 5
Fleet Hldgs	196	+10
Foster Bros	122	+ 8
Hepworth (J)	352	+25
Int Signal	282	+ 7
Jaguar	310	+11
Land Securities	311	+ 9
NatWest Bank	577	+15
Neill (James)	114	+10
Plastic Constr	45	+11
Thorn EMI	458	+28
Ultramar	258	+18
Meekatharra	87	+14

FALLS

Brit Car Auction	95	— 8
Electrocomp	282	— 8
Johnson Matth	150	— 5
Tarmac	478	—12
Atlantic Res	86	—14
Tuskar Res	51	— 4
Sons of Gwalia	60	— 4

Continued on Page 42

CANADA

TORONTO
Closing prices October 30

Sales	Stock	High	Low	Close	Chng
[illegible]					

Total sales 7,327,472 shares

MONTREAL
Closing prices October 30

Sales	Stock	High	Low	Close	Chng
[illegible]					

Total sales 1,312,974 shares

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

LONDON STOCK EXCHANGE

MARKET REPORT

Remaining three Gilt-edged taplets exhausted by domestic and overseas support

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19
Nov 12	Nov 22	Nov 23	Dec 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Continued domestic and overseas support for Government securities enabled the authorities to further their funding programme yesterday. Official supplies of the remaining three of the four £150m tranches of Gilt-edged stock made available to the London market only from Monday were exhausted with Treasury 9½ per cent 1999 being the first to run out at 93¼. Much later in the session, Exchequer 11 per cent 1991 went at 98¼ and in the after-hours' trade the short-dated Treasury 9½ per cent Convertible 1988 sold out at 93⅞.

The ease with which the authorities have funded over the past 48 hours did not pass unnoticed. Many brokers believe that foreign investors must have been active while the domestic institutions harboured reservations about sterling; the latter eased initially against the dollar yesterday but rallied later. The Opec agreement to cut total oil production made little impression on the UK currency.

With most investment funds aimed at the three Gilt-edged taplets, remaining issues could only make limited headway. Longer-dated stocks achieved the larger rises and selected issues closed ½ up on the day. Medium-life gilts managed gains ranging to ⅝, but progress in the shorts was checked by firm money market interest rates.

Selective buying left many features among leading industrial shares, although Tarmac weakened 12 to 478p, after 472p, following news of a 14.3m vendor share placing to finance the U.S. acquisition of Lone Star Industries. Equity sentiment was again helped by the gilt-edged tone with consumer-orientated stocks benefiting from continuing hopes of cheaper money and bumper Christmas spending. The FT Industrial Ordinary share index, once again, began fractionally lower but soon picked up to close 6.9 up at the session's highest of 885.1.

Clearers rise

Reported U.S. buying of the major clearers together with sporadic bouts of domestic support left NatWest up 15 at 577p. Barclays 10 higher at 527p and Lloyds 10 better at 522p. Midland touched 360p before closing a net 5 dearer at 357p following confirmation of the planned £207m deal to take full control of its Crocker National Corporation U.S. subsidiary. Elsewhere, Hill Samuel, supported of late on talk of a bid from Bats, improved 5 to 303p. Mercury Securities hardened 5 to 400p following the announcement that the proposed merger with stockjobbers, Akroyd and Smithers and stockbroking concerns, Rowe and Pitman and Mullens, is not to be referred to the Monopolies Commission; Akroyd closed 15 better at 360p. Among Hire Purchases, cheaper credit hopes lifted Baltic Leasing 7 more to 235p.

Insurances were featured by a late advance in Lloyds Brokers. Stewart Wrightson led the way with a gain of 8 to 395p, while Willis Faber put on 5 at 952p and Minet 3 at 178p.

Among recently-issued equities, Crayton Lodge attracted fresh support and rose 15 to 158p compared with the placing price of 115p, but Monday's highly successful USM newcomer, Share Drug Stores, slipped 5 to 186p.

The Brewers Society's report highlighting the increasing penetration of lager in the UK market failed to give any noticeable boost to Breweries; lager market leaders Bass and Whitbread were unchanged at 415p and 185p respectively. Among regionals, Youngs, recently the subject of favourable newsletter comment, hardened 5 more to 245p.

Tarmac apart, leading Buildings made another firm showing. Barratt Developments attracted support in front of today's routine lunch with brokers Cazenove and gained 8 to 86p. Costain firmed 6 more to 308p. Taylor Woodrow hardened a couple of pence to 322p and George Wimpey gained the turn to 113p. Further buying interest lifted John Finlan 5 to 105p, while recently-dull George Drew rallied 4 to 54p. Countryside continued to respond to favourable comment and rose 4 for a two-day gain of 14 to 198p. Henderson Group firmed 5 to 243p awaiting today's half-timer. USM-quoted United Ceramic gained a penny to 38p in reply to the increased interim profits.

ICI were overlooked and settled a couple of pence cheaper at 678p. William Canning slipped 6 to 101p as bid hopes faded: last week Bvent Chemicals sold its stake in the company. Amersham International hardened 3 to 290p; the interim results are due on November 12.

J. Hepworth jump

J. Hepworth were outstanding in Stores, touching 334p in active trading before closing 26 higher on the day at 332p in response to the excellent preliminary results and proposed 200 per cent scrip-issue. The latter's performance prompted a sympathetic spurt of 11 to 347p in rivals Burton. Foster Bros rose 5 to 122p awaiting today's interim results, while Amber Day hardened a fraction to 9½p on news of the return to profitability. W. H. Smith "A" put on 6 to 154p and Vantona Viyella gained 4 to 226p. Leading retailers continued firmly on cheaper money hopes. British Home added 4 more at 260p and Habitat 2 at 354p.

Thorn EMI came to life with a flourish and closed 28 to the good at 458p, the sharp advance being accompanied by vague talk of a share stake having changed hands; a spokesman for Thorn EMI stated yesterday that he knew of no reason for the rise in the share price. Other leading Electricals took on a firmer appearance, although interest remained relatively light. GEC, 220p, and Plessey, 226p, put on 4 apiece, while Racal were 6 dearer at 256p. Further buying ahead of the interim figures, expected shortly, left International Signal 7 higher at 262p, after 268p, but half-year results below market expectations prompted a fall of 8 to 292p in Electrocomponents. Cambridge Electronic were noteworthy for a gain of 13 to 380p along with United Scientific, 12 up at 195p.

Inclined easier initially, leading Engineers closed little altered on the day. Among secondary issues, James Neill featured a jump of 10 to 114p on the encouraging progress report, while Hopkinsons, still benefiting from the interim figures, edged up 3 more to 122p. Demand in a limited market left Chemring 25 higher at 465p, while revived support prompted a rise of 7 to 256p in Tace. Dealings started in Elswick-Hopper 8 per cent Convertible Preference shares which opened at around 65p premium and touched 105p premium before settling at 100p premium.

One of the liveliest sectors of late on takeover speculation, Foods paused for breath and closed with small irregular movements. Current bid favourite Rowntree Mackintosh slipped 4 to 382p in the absence of any developments, but Unigate, another rumoured bid candidate, hardened a couple of pence to 144p. Elsewhere, Cadbury Schweppes attracted fresh support and firmed 3 to a 1984 peak of 151p. Among Retailers, Associated Dairies eased 4 to 190p: the group has confirmed plans to compete with Tesco and J. Sainsbury for exposure in the lucrative Greater London area. Albert Fisher attracted buyers in the wake of the one-for-two scrip issues proposal and firmed 5 to 118p, while Normans added 2 to 71p.

Among Hotels and Caterers, Grand Metropolitan firmed 5 to 307p and Ryan Hotels gained 1½ to 17p on rumours of a bid from Queens Moat Houses.

Pilkington ease

Pilkington Bros, unsettled by possible repercussions from the strike in the South African Rand, fell to 300p before closing 8 down on the day at 302p. Elsewhere in the miscellaneous industrial leaders, Reed International closed unaltered at 470p, after 466p, following interim figures in line with market expectations. Reckitt and Colman ended a few pence cheaper at 550p, after 560p, on news of the company's increased bid for Nicholas Kiwi. Renewed buying lifted Applied Computer 20 more to 280p, while a burst of speculative demand prompted a rise of 11 to 45p in Plastic Constructions. Johnson Matthey improved to 160p on hopes of a bid from British Petroleum before profit-taking brought a close of 150p, down 5 on balance. Sporadic demand left London and Midland Industrials 5 to the good at 148p, but Clement Clarke fell that amount to 100p on lower half-year earnings.

Intasun, a dull market since the collapse of fellow travel operator Budget Holidays, rallied 7 to 110p.

Interest in the Motor sector was largely confined to two stocks. Jaguar rose 11 to 210p on a combination of U.S. and domestic support behind rumours that a settlement of the pay dispute had been achieved at secret meetings between the management and union officials. Meanwhile, British Car Auction succumbed to profit-taking following the results which were in line with expectations and dropped to 92p before attracting support at the lower level to close at 96p, still 8 down on balance.

An otherwise uneventful session among Publishers was enlivened by Fleet which attracted late support to close 10 higher at 196p. Elsewhere, advertising agency Saatchi and Saatchi hardened 10 at 800p following acquisition news. Revived demand was also noted for Carlton Communications, 15 better at 515p, and for Olives Paper Mill, 3 dearer at 33p.

Buyers displayed further interest in quality Property issues. Land Securities were well to the fore and rose 9 to a 1984 peak of 311p; the interim results are due on November 13. MEPC, annual results scheduled for November 28, rose 6 to 322p. Haslemere Estates were also in demand and gained 8 to 502p, while Hammerson A moved up 15 to 475p. Elsewhere, revived demand in a restricted market lifted Clarke Nickolls 11 to 138p and speculative buying on takeover hopes prompted a gain of 12 to 142p in Cardiff Property.

Shippings plotted an irregular course in thin trading. Reardon Smith, despite the greatly reduced annual deficit held at the overnight level of 16p, while the "A" softened a fraction to 6½p.

Textiles continued to show a firmer bias. Coats Patons rose 3 to 131p in response to Press comment, while Illingworth Morris firmed 4 to 51p and Harold Ingram 5 to 120p. Yorklyde gained 7 to 140p.

Tobaccos attracted revived institutional interest, particularly Bats which rose 10 to 280p.

Among Financial Trusts, Aitken Hume gained 5 to 165p on the bumper interim profits. Hambro Trust also added 5 to 125p and London Merchant Securities closed the turn dearer at 65p.

Although sentiment in Oils was helped by news of Opec's agreement to lower collective oil output by 1½m barrels per day to 16m barrels, buyers remained cautious ahead of any agreement on individual production quotas. Against this background, the oil majors fluctuated narrowly prior to closing a shade firmer on balance. British Petroleum closed 2 dearer at 475p, after 470p, and Shell 5 firmer at 658p, after 650p. LASMO hardened a few pence to 325p and Britoil gained the turn at 223p. Ultramar were boosted initially by news of the oil discovery in Winchester, Hampshire, and the price touched 260p before settling 6 higher at 258p.

Golds drift

Proceedings in South African Golds were again dominated by currency considerations. Neutral overnight indications from Wall Street resulted in an uncertain London opening and another nervous performance by the rand served only to further unsettle investment confidence. Once again, selective support was evident from Continental sources, but this proved insufficient to stimulate any worthwhile recovery.

Bullion again failed to provide a lead, and after hovering around a 23-month low throuhgout the day, finally settled $0.25 higher at $336 an ounce.

In sterling terms, top-quality Golds closed a shade above the worst following a late rally in the currency against the dollar but the FT Gold Mines index still posted a fall of 8.8 at 510.4 for a two-day decline of 34.4.

Vaal Reefs dipped 1⅞ to record a two-day loss of 4⅞ to £76. President Steyn eased a point to £31¾, while similar falls were marked against Southvaal, £33¼, and Libanon, £18¼. Among smaller-priced issues, losses of around 20 were seen in East Rand Prop, 785p, and in Grootvlei, 671p.

Dealers reported reduced demand for London-based Financials, although business was again transacted on a two-way basis. Consolidated Gold Fields gave up 6 more at 484p.

"Down-under" resource stocks encountered scattered selling in domestic markets but were generally overshadowed by the performance of the industrial sector. Peko-Wallsend eased a couple of pence to 356p, but Central Norseman firmed 5 to 353p. Profit-taking clipped 4 apiece from Whim Creek, 170p, and Sons of Gwalia, 60p. In contrast, Southern Australian exploration concern Meekathara made further progress in a limited market to close 14 up for a two-day advance of 22 to 87p amid rumours that the company had sold a substantial coal contract.

FINANCIAL TIMES STOCK INDICES

	Oct. 30	Oct. 29	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Year ago
Government Secs.	81.08	80.76	80.65	80.65	80.52	80.50	82.54
Fixed Interest	84.00	83.85	84.39	84.29	84.49	84.20	85.16
Industrial Ord.	885.1	878.2	873.2	870.0	866.5	867.2	706.2
Gold Mines	510.4	519.2	544.8	551.5	556.5	543.4	444.5
Ord. Div. Yield	4.79	4.83	4.85	4.87	4.90	4.89	4.84
Earnings, Yld.% (full)	11.45	11.52	11.56	11.63	11.69	11.68	9.59
P/E Ratio (net) (*)	10.50	10.43	10.37	10.33	10.27	10.28	13.01
Total bargains (Est.)	18,859	19,476	19,334	18,893	16,732	17,685	21,087
Equity turnover £m.	—	196.40	281.79	341.91	283.34	295.56	202.57
Equity bargains	—	16,720	17,912	18,074	15,521	15,433	18,157
Shares traded (mil)	—	120.5	198.0	190.1	157.1	155.4	135.6

10 am 877.8. 11 am 878.2. Noon 878.8. 1 pm 880.4. 2 pm 881.5. 3 pm 882.0.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.08.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/5)	80.43 (30/7)	155.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5)	465.7 (1/8)	734.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY

	Oct. 29	Oct. 26
Daily Gilt Edged Bargains	122.8	121.2
Equities Bargains	108.3	116.1
Value	401.0	590.6
5-day Average Gilt Edged Bargains	133.1	129.6
Equities Bargains	108.4	105.1
Value	565.5	558.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	4	15
Corpns. Dom. and Foreign Bonds	21	2	56
Industrials	355	180	878
Financial and Props.	167	65	306
Oils	27	28	72
Plantations	6	1	11
Mines	28	61	91
Others	53	71	75
Totals	741	402	1,504

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	86	−14
Barratt Devs.	86	+8
Brit. Car Auction	96	−8
BP	475	+2
Burton	347	+11
Hepworth (J)	332	+26
Jaguar	210	+11
Land Securities	311	+9
Plastic Const.	45	+11
Shell Transport	658	+5
Tarmac	478	−12
Thorn EMI	458	+28

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Share Drug New	20	186	−5
Plasmec New	18	82	[illegible]
GUS	14	656xd	+15
De Beers Dfd	13	370	−20
Valor	13	185	+11
Glaxo	12	210	—
Brit Home Strs	11	256	+6
ICI	11	680	+4
Ladbroke	11	227	+12
Ocean Trans.	11	136	+3
Hanson Trust	10	248	+3
Johnson Matt'y	10	165	+12
Prudential	10	535	+7
Rowntree Mack	10	386	−10

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18
Nov 19	Nov 30	Feb 21	Mar 4

For rate indications see end of Share Information Service

Call options were arranged in Tate and Lyle, Poly Peck, Atlantic Resources, Tuskar, Combined Technologies, Epicure, Bristol Oil and Minerals, Burmah Oil, Spear and Jackson, Tozer Kemsley and Millbourn, Amstrad Consumer Electronics, Oliver Prospecting, Trusthouse Forte, De Beers deferred, International Petroleum, Inter-City and Eglinton Oil and Gas. A put was arranged in Century Oils, while doubles were done in Combined Technologies, Polly Peck, Oliver Prospecting, Jaguar and Crystalate.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (100)

BRITISH FUNDS (2) · INT. BK. & O'SEAS GOVT. STLG. ISS. (1) · BANKS (1) · BREWERS (1) · CHEMICALS (1) · STORES (1) · ELECTRICALS (2) · ENGINEERING (3) · FOODS (2) · HOTELS (2) · INDUSTRIALS (17) · INSURANCE (2) · LEISURE (1) · MOTORS (1) · PAPER (4) · PROPERTY (12) · TEXTILES (2) · TRUSTS (24) · OILS (2) · MINES (1)

NEW LOWS (21)

[illegible]

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues Oct 30 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Oct 29 Index No.	Fri Oct 26 Index No.	Thur Oct 25 Index No.	Wed Oct 24 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (205)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (190)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (105)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (741)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues Oct 30	Day's change %	Mon Oct 29	xd adj. today	xd adj. 1984 to date
British Government 1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH GOVERNMENT INDEX-LINKED STOCKS 8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Tues Oct 30	Mon Oct 29	Year ago (approx.)
British Government 1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 15 years	[illegible]	[illegible]	[illegible]
3 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 15 years	[illegible]	[illegible]	[illegible]
6 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 15 years	[illegible]	[illegible]	[illegible]
9 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 15 years	[illegible]	[illegible]	[illegible]
13 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]
15 Inflation rate 5%	[illegible]	[illegible]	[illegible]
16 Inflation rate 10%	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 17,029

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Oct. 30. Total Contracts 6,153. Calls 4,666. Puts 1,487. * Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105¾	101 1/16	Treas. 15pc 1985	103¼	.....	14.81	10.37
102¼	100	Exch. 12pc Cnv. '85	100⅝	–1/16	11.93	10.32
96 3/16	93 5/16	Treas 3pc 1985	96 3/16	.....	3.12	10.32
102⅝	99½	Treas 11½pc 1985	100 9/16	–1/16	11.44	10.54
99⅝	96 3/16	Treas 8¼pcCnv '85	98 7/16	.....	8.38	10.52
104 3/16	99⅞	Exch. 12¼pc 1985	101⅝xd	.....	12.05	10.63
103 11/16	99 1/16	Exch. 11¾pc '86	101⅛	+1/16	11.62	10.72
102 3/16	96 1/16	Treas. 10pcCnv 1986	99⅛	+1/16	10.09	10.66
91¼	88¼	Treas 3pc 1986	91¾xd	+⅛	3.27	8.84
102	96¼	Exch. 10½pc Cv '86	99¼xd	+⅛	10.53	10.73
104 3/16	99 1/16	Treas 12pc 1986	101⅝	+1/16	11.81	10.84
98¼	93½	Treas 8½pc 1984-86‡‡	96 3/16	+⅛	8.80	10.74
108 11/16	102 1/16	Exch. 14pc 1986	105⅛	+1/16	13.32	11.07
87¼	85	Exch. 2½pc 1986	87¼xd	+1/16	2.87	9.47
107 13/16	100 13/16	Exch. 13¼pc 1987	103⅞	+1/16	12.76	11.16
100⅞	94½	Treas 10¼pcCv '87	98 3/16	+⅛	10.44	11.12
86⅛	83⅛	Exch 2½pc 1987	85¼	+⅛	2.92	9.47
101 3/16	94½	Exch. 10½pc 1987	98 3/16	+1/16	10.65	11.18
92 11/16	87	Funding 6½pc '85-87‡‡	90¾xd	+1/16	7.16	10.84
99⅝	92⅞	Treas. 10pc 1987	97 5/16	+1/16	10.30	11.31
85	81 5/16	Treas 3pc 1987	83 5/16	+1/16	3.59	10.09
105	97¼	Treas. 12pc 1987	101 11/16xd	+⅛	11.79	11.28
94⅞	87 3/16	Treas 7¾pc 1985-88‡‡	91⅜	+1/16	8.48	10.95
100¼	92 11/16	Exch 10½pc '88	97½xd	+1/16	10.77	11.40
98 3/16	89 9/16	Treas 9¾pc Cv '88	94 13/16	+1/16	10.28	11.53
82	77	Transport 3pc '78-88	78 5/16	+¼	3.82	10.19
96 15/16	88 5/16	Treas. 9½pc '88	93 13/16	+⅛	10.13	11.48
106¼	94 13/16	Treas 11½pc 1989	99 13/16	+⅛	11.51	11.48
95 3/16	87 1/16	Treas 9½pc Cnv. '89	94	+⅛	10.11	11.25
99⅝	90 3/16	Treas 10½pc 1989	96⅛	+1/16	10.89	11.52
100 3/16	88⅝	Exch.10pc 1989	94 7/16	+1/16	10.59	11.53
98¼	94¾	Exch 11pc 1989	97 13/16	+1/16	11.25	11.56
85⅛	77½	Treas 5pc 1986-89	79⅜	–⅛	6.26	10.21

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
30	28	Martin-Black	228		—	—	—	—
£108	£88	Mathesons 7¾%	£90		Q7¾%	2.3	8.9	—
378	287	Metal Box £1	334		15.0	3.0	6.4	5.7
226	129	Metal Closures	138		6.3	2.3	6.5	(7.6)
27	12	Metal Sciences 2½p	13	-1	—	—	—	—
19	8	Metamec Jewllque	8½		0.01	—	—	—
133	83	Midland Marts	103		4.0	1.8	5.6	12.9
68½	45	Mitchell Cotts	67½		4.0	♦	8.8	♦
29	13	Moben Grp 10p	15		†0.5	2.5	4.8	(9.5)
148	132	Morgan Crucible	167	+4	†7.5	1.2	6.6	(16.5)
18½	13½	Morris (W) Fine Arts	17	+1	bg0.25	4.0	2.1	15.6
97	80	Moss (Robt.) 10p	95		2.5	2.9	3.8	11.5
330	197	MMW Computers	275		6.0	3.0	3.1	15.3
65	40	Nash Inds.	45		4.0	2.2	13.5	5.0
47	30	Neill&Sp'ncer 10p	38		—	—	—	16.4
33	13	Newman Industs.	13		—	—	—	(7.3)
31	16½	Do. 10pc Cn.Cnv.Pf.	18	+1	10%	—	7.9	—
47	43	Nolton	50		1.1	♦	3.2	♦
177	152	Norcros	177	+1	7.5	2.4	6.1	9.3
86	58	Nu-Swift 5p	59xd		—	3.2	—	7.7
108	50	Oakwood Grp.	70		‡d6.5	—	‡	—
190	145	Office & Elect	145xd		5.24	4.2	5.2	6.7
875	650	Oriflame Intl SA	650	-38	†Q53c	2.2	6.8	6.7
46	21	Owenstone 12½c	23	+2	Q4.5c	2.2	10.1	4.5
£192	£120	Ozalid Fin. Cv.	£192		Q9%	—	6.1	—
190	125	PCT Grp 10p	128xd	+3	g4.8	2.9	5.2	7.8
£12½	975	PLM 'B' Sk 25	£12		Q20%	3.2	3.9	8.1
62	40	Pacific Sales 10p	43		b2.4	2.2	8.0	(6.5)
207	148	Parker Knoll 'A'	151	+2	9.0	2.8	8.5	5.9
265	197	Pauls	220		8.5	2.8	5.5	8.0
540	403	Pearson	551	+6	†14.0	3.0	3.6	11.0
35	19	Peek Holdings	20	+1	—	—	—	—
107	89	Peerless	93		6.3	1.4	9.7	9.4
250	56	Pentland 10p	233		†h1.74	4.1	1.1	24.8
29	17	Pentos 10p	27	-1	8	—	—	47.8
63	27	Phillips Patents	63	+5	1.25	—	2.8	—
810	545	Photo-Me 50p	780		9.45	♦	1.7	♦
358	282	Pilkington Br. £1	302	-8	11.5	2.7	5.4	7.5

LEISURE—Continued

1984 High	Low	Stock	Price
46	9	Nimslo Intl 20c	26
*137	104	Norton Opax 10p	128
31½	14½	Owners Abroad	18
66	33	Photax (Lon.)	37
29½	20	P'dilly Radio NV 5p	23
130	73	Pineapple Dnc SI 10p	92
420	285	Pleasurama 5p	344
16	10¾	Pres Entertain 10p	15
158	70	Radio City 'A' NV	70
70	50	Radio Clyde N/V	53
148	47	Riley Leisure 10p	47½
138	94	Saga Hols. 20p	137
675	290	Samuelson Grp £1	675
27½	18	Sangers Photo 10p	24
150	138	Scantro 50p	140
190	98	Scott. TV 'A' 10p	190
413	186	SeaCo Inc $0.125	329
35	12	SelecTV 10p	16
145	122	Spectrum 5p	145
37	24	TSW 5p	33
157	79	TVS N/Vtg 10p	151
*142½	102½	Television Svcs 50p	120
90	60	Tottenham Hotspur	73
161	120	Trid'nt TV 'A' 10p	144
173	100	21st Century Dist.	144
197	135	Tyne Tees TV 'A' £1	155
100	53½	Ulster TV N/V 'A'	100
28	17	Webb (Jos.) 5p	21
98	88	Zetters 5p	91

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

OIL AND GAS

INSURANCES

LEISURE

PROPERTY

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

OPTIONS — 3-month call rates

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

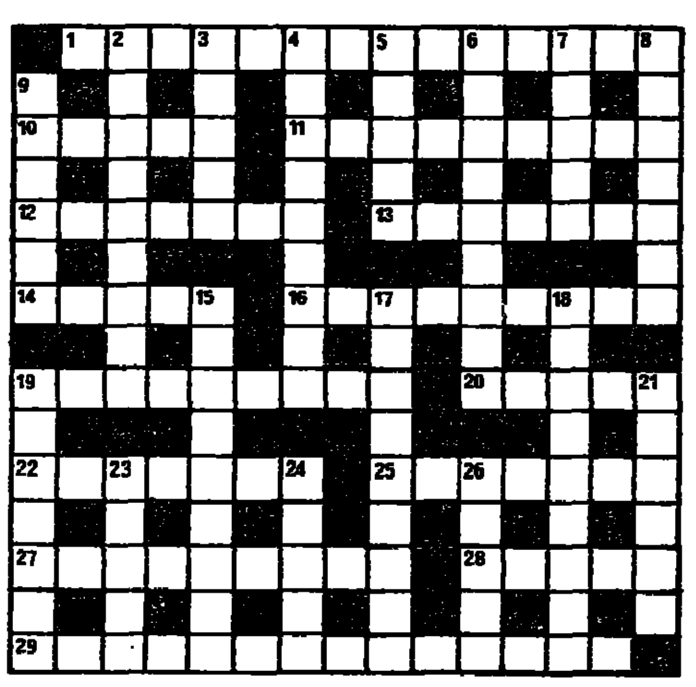
FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Commodity Shares	136.0	145.1	+0.6	2.71
Financial Secs.	31.2	33.3	+0.1	2.98
Gold & General	23.2	25.0	+0.7	2.90
Int. Leisure Mk.	10.8	11.5	...	—
Prop. Shares	36.4	38.8	+0.3	1.66
Univ. Energy	69.8	74.4	−0.3	0.40
World Tech	46.2	49.3	+0.1	—
Overseas Funds				
American Growth	77.3	82.4	−0.5	2.59
American Income	48.0	51.2	.....	6.35
Am. Smaller Cos.	22.5	24.0	.....	0.44
Am. Spec. Sits	68.1	72.6	...	0.87
Australian Growth	77.2	82.3	+0.2	1.65
Far East	38.8	41.4	−0.4	0.60
Hong Kg. Performance	20.3	21.7	−0.4	3.04
Intl. Growth	24.6	26.2	−0.1	2.86
Japan Perf. Trust	40.6	43.3	...	—
Japan Smllr Co's Tst.	12.7	13.5	−0.1	—

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,557



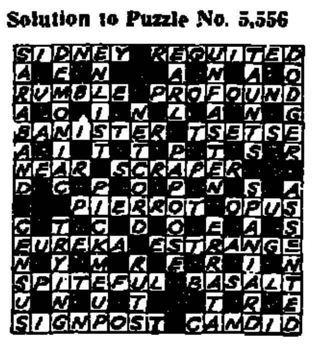
ACROSS

1 Game requiring no initiative (6, 2, 6)
10 Light work with a convulsive movement (5)
11 Credulous, of course (9)
12 Girl's name for bee or balm—a smile's out of order (7)
13 Divert being decapitated (4, 3)
14 Number a member needs to go higher (5)
16 Weed hidden under logs (9)
19 Ten Penny Piece (in olden days) for a leggy creature (9)
20 Painter of French air? (5)
22 Parvenu seems to be surprised (7)
25 Horse, possibly—one that makes an effort to get round: this could start him off (7)
27 Lodger goes round about with girl having baby (9)
28 Cleaner of the board? (5)
29 Rookie making fun with turncoat act (4, 10)

DOWN

2 Large number for short month — illusion without America (9)
3 Tailless insect's range (5)
4 Sort of lens that's more than right? (4-5)
5 You think there's nothing to write with, lad (5)
6 Got off platform and in tree, possibly (9)
7 Spanish saint suggests life after death (5)
8 Inclined to fluster? Far from it (7)
9 Sort of acid for 1099 (6)
15 Yacht with orders to rule? (9)
17 What the captain might say to a new bowler? (4, 2, 3)
18 Shade of wisdom and inexperience? (4, 5)
19 Houseman, as it were, got in salt and pepper for tea (7)
21 Punishment for good conduct? (6)
23 Precautionary aspersion? (5)
24 Garment for pet unicorn (5)
26 Fashionable clique put a map inside another (5)

Solution to Puzzle No. 5,556



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	25.5	26.9	.....	—
Blue Chip	20.5	21.6	+0.5	—
Fixed Yield	19.0	20.0	+0.1	—
Guaranteed Mny	18.8	19.7	.....	—
Managed	19.3	20.4	+0.2	—
International	26.3	27.7	+0.4	—
Property	15.7	16.6	+0.1	—
Pacific	21.0	22.2	+0.6	—
Equity	15.0	15.8	+0.2	—
Special Sits	22.0	23.2	.....	—
Int Currency	13.8	14.6	+0.1	—
Index Linked Secs	11.3	11.9	+0.2	—
American	20.4	21.5	+0.1	—

Life Assur. Co. of Pennsylvania
6, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.30	15.05	.....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Oct 5		£2.87477	.....	—
Multi Gwth 'A' Oct 5	262.2	276.2	.....	—
Op B Prop Oct 25	262.2	276.1	.....	—
Op B Equity Oct 30	329.3	346.7	+0.9	—
Op Hy Oct 25	[illegible]	379.8	.....	—
Op B Man Oct 25	377.6	339.6	.....	—
Op B Dep Oct 24	197.8	208.3	.....	11.78
Op B Bond Oct 25	180.7	190.3	.....	—
Op B Inc Dist Oct 25	136.3	143.5	.....	8.90
Op B Int Man Oct 25	195.2	205.5	.....	—
Op B US$ Oct 25	150.4	158.4	.....	12.12
Pens B Pr Ac Oct 15	332.8	350.4	.....	—
Pens B Eq Ac Oct 15	920.5	969.0	.....	—
Pens B FI Ac Oct 15	386.2	406.4	.....	—
Pens B Me Ac Oct 15	563.6	593.4	.....	—
Pens B Dp Acc Oct 15	301.3	327.7	.....	—
PensBGart Cim Oct 15	102.3	107.7	.....	—
Pens B Gart RA Oct 15	102.2	107.6	.....	—
PensBGart Fac Oct 15	103.7	109.2	.....	—

For Pension Capital Units please ring extension 519.

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	184.6	194.4	+0.3	—
UK Equity	197.4	207.8	+0.9	—
Overseas Eq.	192.0	202.2	−0.4	—
American	193.3	203.5	−0.5	—
Far East	181.8	191.4	+0.5	—
Property	110.7	116.6	+0.1	—
Fixed Int.	158.5	166.7	+0.1	—
Indexed Gilt	103.5	109.0	.....	—
Deposit	112.5	118.5	.....	—

Pension Fund Prices

Man. Initial	183.2	192.9	+0.4	—
Man Acc.	202.5	213.2	+0.5	—
UK Eq. Initial	181.9	191.5	+1.1	—
UK Eq.	198.2	208.7	+1.3	—
Overseas Eq. Initial	211.3	222.5	−0.2	—
Overseas Eq.	241.3	254.1	−0.3	—
American Initial	208.8	219.8	−2.2	—
American	228.4	240.5	−0.6	—
Far East Initial	227.9	239.9	+0.8	—
Far East	250.0	263.2	+0.9	—
Prop. Initial	105.5	111.1	+0.1	—
Prop.	115.5	121.6	+0.2	—
Fixed Int. Initial	142.3	149.8	+0.1	—
Fixed Int.	155.2	163.4	+0.2	—
Indexed Gilt Initial	98.9	104.2	.....	—
Indexed Gilt	108.3	114.1	.....	—
Deposit Initial	111.2	117.1	.....	—
Deposit	122.2	128.7	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	498.9	511.7	.....	—

Prices Sept 28. Next dealing October 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	347.0	357.5	.....	—
UK Equity	148.8	156.6	+0.2	—
American	252.0	265.2	+0.5	—
Pacific	375.3	395.0	+2.0	—
Property	151.6	159.6	.....	—
Gilt	174.5	183.6	+0.3	—
High Inc. Equity	142.8	150.3	+0.4	—
High Inc. Fxd. Int.	103.5	109.0	+0.9	—
Deposit	148.2	15.0	.....	—
Index-Linked Gilt	103.5	109.0	.....	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

COMMODITIES AND AGRICULTURE

Coconut oil prices continue to rise

By John Buckley

COCONUT OIL prices were on the move again yesterday, gaining $60 per tonne to reach $1,260 for October-November shipments to Europe.

Merchant sources blamed the latest rise on the withdrawal of Philippine-origin sellers in the face of scattered buying orders.

They noted prices had recently softened when Indonesia released about 10,000 tonnes of lauric oils (of which coconut oil is one) for export. But supplies from Indonesia and the smaller West African producers had since dried up leaving short operators on the Continent with a paper market and no physical back-up.

Over the past week, coconut oil has gained about 11½ per cent in value, or about $130 per tonne, while partial substitute palm kernel oil has risen only $65. The spread between the two oils has thus widened to $340, puzzling some dealers. They note that kernel oil had traditionally sold at a discount because of past quality inconsistencies, but at present differentials it has become an attractive replacement for coconut.

Some dealers have begun to predict an end to the extreme volatility of the coconut oil market, based on two factors.

One is the threat that buyers will lose patience with massive price fluctuations and unreliable supply. The other is the sustained increase in supplies from Indonesia, which is expected to export not only coconut and palm kernel oil but refined and deodorised lauric oils, too.

However, with U.S. intake still running ahead of last year and Europe making only limited cuts, it is likely the Philippines will continue to push for high prices for as long as consumers will bear them.

Welsh dairy cuts hit processors

BY ROBIN REEVES, WELSH CORRESPONDENT

DAIRY FARMERS in south and west Wales are leading the cut in milk production triggered by the EEC quota regime—posing a threat to the future of local milk processing plants.

Latest figures show that milk output in south and west Wales in September was down by 17 per cent compared with 1983, bringing the fall in the region's output since April to 10.5 per cent.

This compares with an England and Wales average decline of 11.9 per cent in September and a drop of 4 per cent over the half-year.

Besides meaning a sharp drop in income for local dairy producers, according to the Farmers' Union of Wales FUW the trend is also worrying local dairy manufacturers. Unigate has been forced to import cheese to meet part of its order book because of a shortage of milk for its two creameries in the region.

The FUW says the south and west Wales decline reflects the effects of drought as well as the EEC quotas. Mr Huw Hughes, the union's President, said it was too soon to assume that the trend would continue and that therefore producers would avoid the EEC superlevy due to be imposed on milk over-production.

Welsh dairy farmers were urged yesterday not to disrupt today's tour by an EEC official investigating complaints about hardship caused by milk quota cuts.

Dr Sergio Ventura, head of the Community's milk products division, is spending three days in the main dairy areas of south and west Wales. He has agreed to discuss the problem with farmers' unions, council representatives and the Welsh Office and will also be taken to a number of small dairy farms.

Mr Pat Russell, chairman of the National Farmers' Union's Welsh Milk Panel, said he hoped Dr Ventura's programme would not be disrupted by demonstrations because it was important he should see for himself how serious the position was.

Pakistan sets wheat target

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN has set a wheat production target of 13.3m tonnes for 1984-85. Full-scale plantings are to start within the next few days.

Actual production of wheat in 1983-84 was 10.936m tonnes, although the target for that year was 13.02m tonnes. Production fell 19 per cent, because of unfavourable weather, a prolonged drought in the winter of 1983-84—frost, rust disease, and sudden temperature changes—as well as irregular electricity supply for irrigation pumps.

The water supply to canals, of which Pakistan has the largest network in the world, was also adversely hit because of smaller flows from the mountains, caused by a reduced amount of snowfall.

Supply was boosted by a carry-over stock of 1.8m tonnes from 1982-83 to meet the domestic consumption of about 11m tonnes.

The Government may import 200,000 to 300,000 tonnes of wheat this year, to boost its food reserves. A decision has not been made, but the deal may be arranged through barter or international assistance.

Aluminium prices fall back further in London

ALUMINIUM prices on the London Metal Exchange fell again yesterday, wiping out more of last week's dramatic rise.

Japanese buying and the announcement of producer plans to cut output pushed the cash LME position up £77 a tonne last week. However, profit-taking trimmed £16 off the price on Monday and another £10.50 yesterday to £910 a tonne.

Dealers saw the fall as a "necessary correction" following the preceding sharp rise, which they thought had become over-extended.

● ALCAN ALUMINIUM has formally withdrawn its world list price (AWP), regarded as a key barometer of aluminium prices. The move follows the announcement last week by Metal Bulletin magazine that it would stop publishing the AWP because it was no longer an accurate reflection of prevailing prices.

Alcan said it was not proposing a new price to replace the AWP. Metal Bulletin announced it would begin publishing starting tomorrow a three month rolling average of London Metal Exchange forward prices.

● THE WELSH Development Agency has appointed Allen, Brady and Marsh, agricultural research and marketing consultants, to investigate market opportunities for Welsh foodstuffs. Farmers, processors, distributors and retailers will be surveyed to find their views on the problems and opportunities facing the Welsh food industry.

Mr David Waterstone, WDA chief executive, said that agriculture in Wales, as elsewhere, was facing a period of change. It was therefore important to identify and generate wider marketing opportunities.

Peter Blackburn on a plan to revive cocoa and coffee industries

Ivory Coast stresses quality not quantity

WHEN M Denis Bra Kanon, Ivory Coast's Agriculture Minister, toured the country's main cocoa and coffee growing regions on the eve of the new season, his main message was the need to improve the crops' quality.

Last season drought caused a sharp deterioration in both the size and quality of the coffee crop. However, poor harvesting, drying and fermentation, buyers' impatience and the lack of effective control by La Caisse de Stabilisation, the state commodity marketing agency, have resulted in indifferent quality over many years.

Ivory Coast is the world's main cocoa producer and third largest coffee producer. Nearly 800,000 tonnes of cocoa and coffee were produced in 1980-81 and these two commodities contributed more than 50 per cent of the country's export earnings.

However, just as Ivorian cocoa and coffee output was reaching its peak, the world market went into decline.

Consumer countries became more concerned about quality, and the Ivorian product compared unfavourably with the superior Ghanaian and other West African crops.

The payment of quality premiums continues to be politically unacceptable in Ivory Coast. "Under the present marketing system it would result in the exploitation of the farmers," explained M Joseph Niamke, director general of the Government's Commodity Technical Advisory Agency (Satmaci).

A recent government decision to cut the number of licensed cocoa and coffee buyers by a third is seen, however, as a potentially major step in the campaign to improve quality.

Cut-throat competition between too many buyers chasing too little cocoa and coffee has resulted in farmers being persuaded to sell their crops too early.

Fewer buyers should reduce the competitive pressure so that crops can be allowed to mature and dry fully. "We want to turn the buyers into a properly trained and responsible professional organisation," M Niamke said.

The Government is also encouraging the development of farming co-operatives selling directly to exporters. About 2,500 co-operatives, with a membership of 150,000 farmers, have been set up and about a third of the cocoa crop is now sold direct.

An incentive for farmers to join the co-operatives is that it gives them access to credit from the National Agricultural Development Bank for purchasing equipment, fertilisers and pesticides.

Satmaci used to handle farmers' credit itself, and its activities in recent years have been further restricted by budgetary constraints. With 1,500 agents, including 60 at headquarters in Abidjan, it has barely been able to pay its own salaries.

Following a ministerial reorganisation last year Satmaci reports to the Ministry of Rural Development and has acquired a new lease of life.

It is conducting a campaign to regenerate the country's ageing coffee plantations. More than half the 1.25m hectares of coffee plantations are covered by trees over 15 years old and yields have fallen.

Pruning of 7 to 15 year old trees, application of pesticides and fertilisers and increased plantation density should help to quadruple yields, according to Satmaci.

Cocoa pact unlikely this week

THE WORLD'S cocoa producing and consuming countries are still wide apart after almost a month of hard bargaining and are unlikely to agree on a new pact to regulate prices.

Delegates at a United Nations conference in Geneva said yesterday that the talks, aimed at drawing up a new International Cocoa Agreement looked likely to end inconclusively this week, just as a first meeting in May did.

"There is not sufficient time to reach an agreement by the end of this week," a UN Conference on Trade and Development official said.

The 37 consumers and 28 producers were still far apart on the range within which cocoa prices should be held and also differed on additional measures that producers should be allowed to use to support them.

With the cocoa market in the doldrums for much of the past seven years, Third World growers are anxious for a workable pact that would bolster prices, particularly leading West African producers such as Ivory Coast and Ghana, which are heavily dependent on export earnings from the crop.

Ivory Coast, the world's largest producer, is attending the talks, but like the U.S., the biggest consumer, it is not a member of the present ICA, due to expire next September.

Although conference chairman Mario Aleman of Ecuador said the spirit at the talks was very positive, delegates said the most likely outcome was that they would adjourn for up to six months to allow participants more time to digest the progress which has been made.

Cocoa traders believe that an agreement on a new pact early next year, when a small world production surplus is foreseen after a large deficit last season, could push prices back to 1980 levels, approached briefly in May, of over $1.20 a lb. At present they stand at around a low $1.04.

In the longer term, a price collapse would be inevitable unless there is an effective pact as several countries, such as Malaysia, continue to expand production, they said.

The present ICA aims to keep cocoa prices between $1.10 and $1.50 a lb, with a central buffer stock buying and selling cocoa as pressures emerge at either end of the price scale. But the buffer stock ran out of funds 2½ years ago after spending over $225m to defend the floor price.

Reuter

Cyprus limits potato output

By Our Nicosia Correspondent

PROSPECTS for Cyprus potato exports in the coming spring are not good, according to the Cyprus Potato Marketing Board. It announced that spring production will be limited to 120,000 tonnes, 25 per cent down on this year's.

The board gave statistics showing that potato production in most European countries is very high this year. In Britain it reached 6.5m tonnes.

"As a result of this over-production, potato prices in all European countries are now extremely low and they are expected to remain very low next spring," the board said.

It is imposing a quota on the quantity of potatoes each producer can deliver, and warned that prices will not be satisfactory. It also urged farmers to turn to other crops for the coming season.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 30 1984	+ or —	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	$1180/1190	—15	$1075/110
Copper			
Cash h Grade	£1072.5	—1.5	£1033.5
3 mths	£1098.25	—1.5	£1054.75
Cash Cathode	£1062.25	—2.25	£1018
3 mths	£1082.25	—1.75	£1055
Gold troy oz	$336.00	+0.25	$346.25
Lead Cash	£333.5	—6	£339.5
3 mths	£341.5	—7.75	£341.25
Nickel	£3958		£3333
Free Mkt	217/237c		212/232c
Palladium oz.	$139.25		$139.25
Platinum oz	$319.75	+0.50	$326.75
Quick Silver†	$305/315		$305/310
Silver troy oz	594.50p	—1.25	604.20p
3 mths	609.70p	—1.15	619.45p
Tin cash	£9800		[illegible]
3 mths	£9797.5	—5	£9297.5
Tungsten	$85.16		$85.97
Wolfram 22.04 lb	$82/85	—1	$84/87
Zinc	£635	—3.5	£592.5
3 mths	£638	—1.25	£595.75
Producers	$980		$940

	Oct. 30	+ or —	Month ago
Oils			
Coconut (Phil)	$1260w	+160	$1350
Groundnut			
Linseed Crude			
Palm Malayan	$605z		$695
Seeds			
Copra Phil	$700w	+20	$780
Soyabean (U.S.)	$256.75	—3.25	$248.5
Grains			
Barley Fut. Jan	£110.80	+0.85	£110.00
Maize			
Wheat Fut. Jan	£111.30	+0.40	£109.80
No2 Hard Wint			
Other commodities			
Cocoa ship't*	£2021.0	+1.5	£1937
Futures Dec	£1951	—11.5	£1856.5
Coffee Ft. Jan	£2359.5	+14.0	£2240.5
Cotton A index	74.75c		78.75c
Gas Oil Nov.	$226.00		[illegible]
Rubber (kilo)	60p		62p
Sugar (Raw)	$118	—3	[illegible]
Wool tops 64s	465p kilo		450p kilo

† Unquoted. x Nov. z Dec. w Nov-Dec. y Oct-Nov. t Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.90-28.05	—0.08
Dubai Fateh	27.30-27.40	+0.05
Arab Heavy	26.45-26.60	—0.05
North Sea (Forties)	27.90	[illegible]
North Sea (Brent)	27.60-27.75	—0.15
African (Bonny Lt)	27.80	—0.30
Urals	27.60-28.10	—0.17
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	251-255	
Gas Oil	228-233	—3.5
Heavy fuel oil	181-184	

GAS OIL FUTURES

Prices opened $2.00 lower and continued to ease off during the morning on good trade selling. A rally sparked by short-covering was short-lived, prices moved further down to reach the lows on the re-opening. Further short-covering steadied the market later in the day, reports Premier Man. Turnover: 3,642 (2,00) lots of 100 tonnes.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	224.50	[illegible]	[illegible]
Nov.	226.00	[illegible]	[illegible]
Dec.	226.00	[illegible]	[illegible]
Jan.	228.25	[illegible]	[illegible]
Feb.	226.00	[illegible]	[illegible]
March	224.00	[illegible]	[illegible]
April	220.50	[illegible]	[illegible]

GOLD MARKETS

Gold rose $¼ an ounce from Monday's close in the London bullion market yesterday to finish at $335¾-336¼. The metal opened at $336-336½ and traded between a high of $336½-336¾ and a low of $335¼-335¾. Trading was extremely quiet with little in the way of fresh factors to influence the market.

In Paris the 12½ kilo bar was fixed at FFr 101,500 per kilo ($336.74 per ounce) in the afternoon compared with FFr 101,000 ($335.15) in the morning and FFr 101,900 ($335.96) on Monday afternoon.

In Frankfurt the 12½ kilo bar fixed at DM 33,020 per kilo ($336.02 per ounce) against DM 33,190 ($336.81) and closed at $335¾-336¼ from $336¼-337.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $336.05 from $336.15.

In Zurich gold finished at $336-336½ from $336-336½.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Nov.	[illegible]	[illegible]	[illegible]
Feb.	—		—
April	—		—
Aug.	—		—

Turnover: 138 (110) lots of 100 troy ounces.

	Oct. 30		Oct. 29	
Gold Bullion (fine ounce)				
Close	$335¾-336¼	(£278¼-278¾)	$335½-336	(£277¼-277¾)
Opening	$336-336½	(£278¼-278¾)	$335½-336½	(£277½-278)
Morning fixing	$335.65	(£277.606)	$335.60	(£277.068)
Afternoon fixing	$335.50	(£277.227)	$335.25	(£277.961)
Gold and Platinum Coins Oct. 30				
Krugrand	$346¼-347	(£285¾-286)	King Sov	$80-81¼
½ Krug.	$179¾-179½	(£147¾-148)	Victoria Sov	$80-80¼
¼ Krug.	$91¼-92	(£75¼-75½)	French 20s	$64¼-66¼
1/10 Krug.	$37¾-38¼	(£30¼-31½)	50 Pesos Mex	$416¼-418
Mapleleaf	$346¼-346½	(£285¾-285¾)	100 Cor. Aust	$335-350
New Sov.	$79¾-79½	(£65¼-65¾)	$20 Eagle	$500-550
½ New Sov.	$47¾-48¾	(£39-39¾)	Noble Plat.	$333.65-333.55

EUROPEAN MARKETS

ROTTERDAM, October 30.

Wheat—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: Dec 163.75, Jan 164.50, Feb 165.50, March 166. U.S. No. 2 Northern Spring 14 per cent protein: Nov 173, Dec 177, Jan 180, Feb 187.75, March 190.50, April/May 180. U.S. Northern Spring 15 per cent protein: Nov 185, Dec 187.50, April/May 194. U.S. No. 3 Hard Amber Durum: mid-Oct/mid-Nov 189, Nov 189, mid-Nov/mid-Dec 191, April/May 194, June 194. Canadian No. 1 Western Amber Durum: Nov 206, mid-Nov/mid-Dec 207, April/May 207.50.

Maize—(U.S. $ per tonne) U.S. No. 3 Yellow: Nov 132.50, Dec 132.50, Jan/March 136, April/June 138, sellers. Argentine, Plate: mid-Oct/mid-Nov 168, Nov 169, Dec 171, April/June 143, sellers. Argentine, Plate: Nov 215, Nov/Dec 210, Dec/Jan 200, Jan/Feb 193, sellers.

Soyabeans—(U.S. $ per tonne) U.S. No. 2 Yellow, Gulfports: Oct 250.75, Nov 249, Dec 248, Jan 250.60, Feb 254, March 256.80, April 258.80, May 262.50, June 264.50, sellers.

Soyameal—(U.S. $ per tonne) 44 per cent: Nov 166.50, Dec 168.50, Nov/March 172, Jan/March 176, April/Sept 192, sellers, after Dec 167.50. Pellets, Brazil: Afloat 181, Nov 185, Dec 189, Jan/March 192, April/Sept 204, sellers. Pellets, Argentine: Afloat 174, Nov 171.50, Dec 171.50, Jan 175.50, Jan/March 180, May/Oct 186, sellers.

PARIS, Oct 30.

Cocoa—(FFr per 100 kilos): Dec 2175-2185; Mar 2163-2166; May 2160, bid; July 2160, bid; Sept 2155, bid; Dec 2140-2165; Mar 2130-2170.

Sugar—(FFr per tonne): Dec 1525-1533; Mar 1561-1570; May 1625-1627; Aug 1670-1685; Oct 1730-1750; Dec 1780-1781.

BRITISH COMMODITY PRICES

BASE METALS

ONCE AGAIN, business in base-metals on the London Metal Exchange centred on Aluminium: up to £956 at the outset on news of a 25,000 tons per year production cutback by Reynolds, three-month metal encountered revived profit-taking and stop-loss selling and dipped to £917, before firming on opening Comex and touching £933 and settling at £927 on the late kerb. Initially firm on overnight physical covering, Zinc rose to £644 before faltering at £637. Lead traded nervously throughout the day to close a shade above the worst at 337, while Tin, which rose to £9,810 at the morning kerb, met hedge selling and finished at 9,780.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	1068-.5	—5.75	1072-3	—1.5
3 months	1093.5-4	—6	1098-.5	—1.5
Settlem't	1068.5	—6		
Cathodes				
Cash	1078-5	—2.5	1062-.5	—2.25
3 months	1097-9	—2.5	1102-.5	—1.75
Settlem't	1079.5	—2.5		

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,068.5, 68, three months £1,094, 95, 94.5, 94, 93.5, 93, 93.5, 94. Cathodes: Cash £1,078.5. Kerb: Higher Grade: Three months £1,093.5, 93. Afternoon: Higher Grade: Three months £1,095.5, 96, 96.5, 97, 97.5, 98, 97.5, 98.5, 99, 98.5, 99, 98.5, 98. Cathodes: Cash £1,083, 82.5, 82, three months £1,102. Kerb: Higher Grade: Three months £1,098.5, 99. Turnover: 27,450 tonnes. U.S. Producers: 62.00-66.00 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	9840-50	+50	9820-30	+15
3 months	9840-5	+15	9820-30	—2.5
Settlem't	9850	+50		
Standard				
Cash	9810-20	+15	9795-805	+5
3 months	9810-5	+12.5	9785-90	—5
Settlem't	9820	+15		
Straits E.	$29.18			

Tin—Morning: Standard: Three months £9,810, 15, 20, 25, 20, 15. High Grade: Cash £9,860. three months £9,860, 55, 40. Kerb: Three months £9,810. High Grade: Three months £9,840, 50. Afternoon: Standard: Three months £9,800, 9,795, 9,800, 5, 9,800, 9,790, 95. Kerb: Standard: Three months £9,780, 65, 75, 80, 70. Turnover: 1,880 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	336-.5	—6	335-4	—6
3 months	344.5-5	—6.25	341-.5	—7.75
Settlem't	336.5	—6		

Lead—Morning: Cash £336.5, three months £344, 45, 44.5. Kerb: Three months £344. Afternoon: Three months £344, 43.5, 43, 42.5, 42, 41.5. Kerb: Three months £342, 41.5, 42, 41, 40, 39, 38, 37, 37.5, 37, 36.5. Turnover: 13,760 tonnes. U.S. Spot: 22.00-26.00 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	636-.5	—7	634.5-5	—3.5
3 months	641-.5	—6	637-8	—1.25
Settlem't	636.5	—7		

Zinc—HIGH GRADE OFFICIAL / UNOFFICIAL PRICES: Cash am 695-706, pm 692-7. Three months am 689-694, pm 687-692; settlement 705. Morning: Three months £642, 41.5, 42, 41, 42, 41.5, 41, 40, 41, 41.5, 42, 41, 40.5, 41. Kerb: Three months £641. Afternoon: Three months £641.5, 42, 42.5, 41, 40, 39, 38, 39. Kerb: Three months £639, 38.5, 38, 39. Turnover: 12,350 tonnes. U.S. Prime Western: 45.00-45.75 cents a pound.

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	896-8	—24	910-1	—18
3 months	921-.5	—24	936-7	—18

Aluminium—Morning: Three months £927, 28, 28, 24, 25, 26, 25, 26.5, 25, 24, 22, 23, 22, 23.5, 23, 22, 21, 20, 21 20.5, 21, 21.5, 21. Kerb: Three months £921, 20, 19, 20, 20.5, 21, 22, 23, 22, 22.5, 23. Afternoon: Three months £930, 31, 32, 31, 31.5, 32, 33, 32.5, 32, 34, 34.5, 34, 37, 36, 38, 39, 38, 38.5, 39, 38, 37, 36, 36.5. Kerb: Three months £937, 36, 35, 34, 33, 32, 31, 30, 29, 28, 29, 30, 29, 28. Turnover: 31,300 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3950-60	—7.5	3935-40	—7.5
3 months	4015-20	—18.5	4014-5	—11

Nickel—Morning: Three months £4,020. Kerb: Three months £4,022, 17. Afternoon: Three months £4,010, 20, 15. Kerb: Three months £4,012, 11. Turnover: 804 tonnes.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse: 3,475-3,550.

BISMUTH: European free market, min. 99.99 per cent, $ per pound, tonne lots in warehouse: 6.30-6.50.

CADMIUM: European free market, min. 99.95 per cent, $ per pound, in warehouse: ingots 1.15-1.20, sticks 1.15-1.20.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse: 10.25-11.10.

MERCURY: European free market, drummed molybdic oxide, $ per pound, Mo, in warehouse: 3.15-3.25.

SELENIUM: European free market, min. 99.5 per cent, $ per pound, in warehouse: 9.30-9.75.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO_3, cif: 81-84.

VANADIUM: European free market, min. 98 per cent V_2O_5, cif 2.10-2.15.

Producer list price for selected metals as recorded in Metal Bulletin.

BISMUTH: UK: MCP-Peko, $9.99 per cent, $ per pound, tonne lots, ex-warehouse: 6.50.

COBALT: World: Zaire: Sozacom, $ per pound: 12.50.

NICKEL: World: Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world: 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8: 17.50.

VANADIUM: Highveld fused, min. 98 per cent V_2O_5, $ per pound V_2O_5, cif: 2.41.

ZINC: GOB producer basis, $ per tonne: 900.

SILVER

Silver was fixed 1.25p an ounce lower for spot delivery in the London bullion market yesterday at 594.6p. U.S. cent equivalents of the fixing levels were: spot 719.5c, down 1c; three-month 727.3c, down 0.9c; six-month 735.2c, up 0.4c; and 12-month 758.0c, unchanged. The metal opened at 594½-596½p (716-721c) and closed at 593-596p (720-723c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	594.60p	—1.25	594.5p	
3 months	609.70p	—1.15	610.25p	—.25
6 months	626.08p			
12 months	657.00p			

LME—(2,000 oz contract): Cash 594.5p (same); three months 610.25p (610.50p). Turnover: 0 (0). Turnover: 45 (36) lots of 10,000 ozs. Three months 610, 2nd ring cash 595.5. Three months 610.6. Afternoon: Untraded.

COCOA

Early trade selling saw prices a little easier on the opening call but futures rallied thereafter and closed £10.00 steadier on the near, and unchanged on forward positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Oct.	1951-2250	—75.0	—
Dec.	1950-1958	+11.5	1957-1932
March	1920-1921		1930-1914
May	1924-1925		1934-1920
July	1927-1929		1938-1928
Sept.	1929-1930	+1.0	1931-1929
Dec.	1894-1895	—2.0	1904-1895
Mar.	1890-1895	—1.5	—

Sales: 2,125 (1,923) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Oct 30: 104.13 (103.55); five-day average for Oct 31: 103.91 (103.73).

COFFEE

After opening unchanged Robustas continued the recent steadier trend with prices trading £11.00-£23.00 higher reports Drexl, Burnham and Lambert. Trade and dealer buying influenced the early rise but scale up commission house selling tended to restrict the advance. Gains were extended slightly during the afternoon before retreating on dealer profit taking.

COFFEE	Yesterd'ys Close	+ or —	Business Done
Nov.	2515-20	—5.0	2534-20
January	2359-60	+14.0	2368-45
March	2262-64	—11.5	2278-54
May	2228-30	+4.5	2241-26
July	2223-25	+1.5	2234-23
Sept.	2215-17	+0.5	2225-24
Nov	2206-15	—4.0	2220

Sales: 2,592 (1,414) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 29: Comp. daily 1979 135.91 (136.43); 15-day average 136.10 (126.07).

GRAINS

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent mid-Nov/mid-Dec 157.80, Dec 159.50, Jan 165.25, transhipment East Coast. U.S. No 2 soft red winter Dec 149.25, Jan 149.95. English feed fob Jan/Mar 115. Barley: English feed fob Nov 111.50. Rest unquoted.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
Nov	107.65	+0.80	107.00	+0.15
Jan	111.30	+0.40	110.80	+0.15
Mar	114.70	+0.45	113.75	+0.18
May	118.20	+0.35	116.30	—0.05
July	119.80	+0.40	—	—
Sept	98.90	—	97.90	—

Wheat remained steady on lack of offers with profit-taking quickly absorbed. Barley was quiet with wheat/barley profit-taking supporting the market, reports Muirpace.

Business done—Wheat: Nov 107.45-7.20, Jan 111.35-1.00, Mar 114.80-4.50, May 118.40-7.90. Sales: 40 lots of 100 tonnes. Barley: Nov 107.00-6.90, Jan 110.80-0.70, Mar 113.80-3.70. Sales: 88 lots of 100 tonnes.

PIGMEAT

Prices moved up slightly today because of shortcovering, but the volume was poor, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	123.30	122.50	125.30-22.80
Feb	118.90	118.60	119.00-18.50
April	117.90	117.40	118.00-17.50
June	114.90	115.00	—
Aug	113.00	113.00	—
Oct	116.50	116.60	116.50-16.50

Sales: 55 (91) lots of 50 carcases 3,250 kg.

POTATOES

After an initial dip of 60p basis April, strong buying interest pushed prices fairly quickly back to unchanged by mid-morning, with further gains of up to £2.00 being registered by lunchtime. The market however, was unable to sustain these levels and fell back again towards the close, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov	43.00	40.30	42.90-40.00
Feb	47.80	46.70	48.50-48.00
April	59.80	58.70	60.70-58.10
May	62.90	61.00	64.40-60.50
Nov	68.00	68.80	70.00-69.60

Sales: 748 (840) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened about unchanged, attracted very little interest throughout the day and closed quiet and slightly easier, reports Lewis and Peat. Closing prices (buyers) spot 60.00p (same). Dec 73.50p (same). Jan 74.25 (same). The Kuala Lumpur Nov fob price for RSS No 1 was 203.75 (201.5) cents a kg and for SMR 20 was 187.00 (186.5).

FUTURES—Close (buyer, seller, business). RSS No 1 £ per tonne. Nov 590, 610, 600; Dec 600, 615, 605; Jan 610, 625, nil; Feb 620, 635, nil; Mar 630, 650, nil; April 640, 660, nil; May 650, 670, nil; June 660, 680, nil; July 670, 690, nil; Jan/Mar 620, 640; April/June 650, 675; July/Sept 680, 705. Sales: 0 (14) lots of 15 tonnes, 34 (2) lots of 5 tonnes.

TEA AUCTION

SPOT PRICES—Chicago loose lard 29.00 (28.50) cents per pound. New York tin 537.00-549.00 (537.00-552.00) cents per pound. Handy and Harman silver bullion 722.0 (721.0) cents per troy ounce.

SOYABEAN MEAL

	Yestday's close	+ or —	Business Done
	£ per tonne		
Dec.	140.60-41.50	—0.85	145.00
Feb	143.50-44.10	—0.95	144.00-43.00
Apr	145.30-46.00	—0.90	145.50-46.00
June	145.70-46.50	—0.85	147.50-45.50
August	148.50-49.00	—1.10	—
October	150.00-52.00	—0.70	—
Dec	151.00-54.00	—1.00	—

Sales: 231 (80) lots of 20 tonnes, 72 (42) lots of 100 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $118.00 (£97.50), down $3.00 (down £2.50), a tonne for Oct-Nov-Dec delivery. White sugar $163.00, down $4.00.

The market opened around $1 lower but selling in was lacking on the drop. Later prices rallied some $4 on arbitrage buying against higher New York advices, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	135.60-36.80	135.00-35.60	135.40-34.60
Mar	153.80-54.00	151.60-51.80	154.40-49.80
May	160.80-61.00	158.60-58.80	161.00-56.80
Aug	169.80-70.00	167.60-68.00	170.20-68.40
Oct	177.80-78.00	175.40-75.80	177.80-74.00
Dec	185.00-85.20	182.00-84.00	—
Mar	198.00-00.20	197.80-98.00	198.00

Sales: No 6 2,427 (1,173) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £202.00 (£204.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 29: Daily price 4.49 (4.58): 15-day average 4.70 (4.73).

INDICES

FINANCIAL TIMES

Oct. 30	Oct. 29	M'th ago	Year ago
292.00	292.38	289.49	283.04

(Base: July 1 1952 = 100)

REUTERS

Oct. 30	Oct. 29	M'th ago	Year ago
1897.9	1898.1	1861.9	1869.6

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 26	Oct. 25	Month ago	Year ago
Spot	—	126.54	125.34	136.46
Fut	127.55	127.23	128.35	141.30

(Base: December 31 1974 = 100)

MOODY'S

Oct. 26	Oct. 25	M'th ago	Year ago
962.6	963.4	973.6	1028.6

(Base: December 31 1931 = 100)

MEAT/FISH

SMITHFIELD MEAT—Pence per pound. Beef—Scotch killed sides 77.0 to 83.0; Ulster hindquarters 90.0 to 94.0, forequarters 54.0 to 57.0. Veal—Dutch hinds and ends 125.0 to 130.0. Lamb—English small 72.0 to 76.0, medium 70.0 to 72.0, heavy 67.0 to 70.0; Imported: New Zealand PL 66.5 to 67.5, New Zealand PX 62.5 to 63.5. Pork—English under 100 lb 57.0 to 64.5, 100-120 lb 58.0 to 64.0, 120-160 lb 50.0 to 58.0.

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 93.74p per kg lw (—0.36); GB—Sheep 168.56p per kg est dcw (+9.38); GB—Pigs 88.59p per kg lw (—0.52).

COVENT GARDEN—London: Prices for bulk of produce, in sterling per package unless otherwise stated: English Produce: Apples—Per pound, Cox's 0.12-0.22, Bramley 0.10-0.12, Russets 0.15-0.20, Spartan 0.12-0.18, Laxton's Superb 0.12-0.15. Pears—Per pound Conference 0.12-0.20, Comice 0.15-0.20, Beurre Hardy 0.09-0.11. Raspberries—¾ lb 1.00-1.20. Strawberries—½ lb 0.50-0.70. Potatoes—Per bag 56 lb, whites 2.00-2.40, King Edwards 2.80-3.00; Bakers 4.50-5.00. Mushrooms—Per pound, open 0.60-0.70, closed 0.70-0.80. Lettuce—Per tray round 1.60-1.70. Cos dozen 1.80-2.00; Webb's 2.10-2.20; Iceberg 15s 5.00-5.50. Carrots—28 lb 1.00-1.50. Greens—Primo 1.20-1.40; crates, green 2.50-2.80; Jan King 1.40-1.50. Tomatoes—Tray 12 lb 1.80-2.00. Cauliflowers—Dozen, Lincs 3.20-3.50; Kent 3.50-4.00. Spring Onions—Bunch 0.09-0.10. Radishes—Bunched 0.12-0.14. Celery—Prepack 2.80-3.00; loose 1.60-1.80. Watercress—Ice Pack 20s 3.40-3.50. Salad—Crispo 16s 1.00-1.10. Courgettes—Per pound 0.30-0.35. Beetroot—Bags 28 lb 1.50-1.60.

AMERICAN MARKETS

Gold and silver values came under pressure late in the session on the weak tone to oil values along with the lack of fresh buying despite a firm tone to financials and currencies. Copper was firm on arbitrage buying on the strength to sterling along with reports of better demand. Sugar firmed as trade buying cut into early losses and touched off local short covering and fresh buying interest. Cocoa was featureless with light support on the continued delays in moving cocoa to the ports. Coffee steadied on light arbitrage buying. Cotton gained on profit taking following recent losses and expectations of a cut in the USDA production estimate due November 9. Heating oil lost ground while OPEC tried to resolve the allocation of quota cuts. The long term weather forecast through January indicates above normal temperatures. Soyabeans were mixed most of the day but rallied on the close for moderate gains on forecasts of additional precipitation. Maize drifted lower as repeated rallies due to commission house buying were terminated by heavy commercial selling. Wheat rallied on the close on good export demand for soft red wheat and on reports of delays in winter wheat planting, reports Heinold Commodities.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	50.35	51.10	49.70	51.50
Jan	50.85	—	—	52.00
March	51.85	52.25	51.55	53.00
May	52.90	53.30	52.9	54.05
July	53.95	54.00	53.40	55.10
Sept	55.00	55.40	55.05	56.15
Dec	56.65	—	—	57.80
Jan	57.20	—	—	58.35
March	58.30	—	—	59.45

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2247	2290	2246	2265
March	2205	2233	2200	2220
May	2212	2235	2222	2226
July	2220	—	—	2235
Sept	2245	—	—	2245
Dec	2225	—	—	2224

COFFEE "C" 37,000 lb; cents/lb

	Close	High	Low	Prev
Dec	138.44	36.60	36.00	36.10
March	134.56	34.70	34.10	34.25
May	133.38	33.50	33.20	33.30
July	132.50	32.50	32.50	32.50
Sept	131.30	31.30	31.30	31.40
Dec	130.28	—	—	30.26
March	129.06	—	—	29.01

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	58.15	57.60	57.60	57.25
Dec	58.65	58.65	57.90	57.75
Jan	59.20	59.00	58.45	58.35
March	60.35	60.35	59.60	59.50
May	61.50	61.55	60.75	60.60
July	62.65	62.65	61.95	61.70
Sept	63.75	63.30	63.05	62.85
Dec	65.35	64.85	64.60	64.45
Jan	65.90	65.10	65.10	65.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.37	66.72	66.10	66.24
March	67.90	68.20	67.65	67.75
May	69.05	69.35	68.95	68.85
July	70.39	70.70	70.10	70.26
Oct	69.90	70.30	70.03	70.30
Dec	70.32	70.60	69.90	70.58
March	71.35	—	—	71.90

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
Dec	28.23	28.24	28.04	28.41
Jan	28.10	28.10	27.86	28.28
Feb	27.90	27.90	27.70	28.11
March	27.71	27.71	27.53	27.96
April	27.63	27.62	27.48	27.86
May	27.50	27.50	27.50	27.76
June	27.42	27.42	27.42	27.70
July	27.70	—	—	27.70
August	27.64	—	—	27.64
Sept	27.64	—	—	27.64

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	338.5	339.0	336.3	338.0
Jan	339.3	—	—	—
Feb	342.2	344.7	341.8	343.8
April	347.7	350.1	347.5	349.4
June	353.2	356.1	353.9	355.6
Aug	358.8	—	—	361.7
Oct	366.6	—	—	368.4
Dec	373.3	376.8	376.0	375.3
Feb	380.8	—	—	382.8
April	387.7	—	—	389.8
June	396.5	—	—	397.7
Aug	403.4	—	—	405.7

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Nov	75.80	76.05	75.50	76.74
Dec	77.00	77.20	76.41	77.79
Jan	78.00	78.20	77.60	78.92
Feb	77.40	77.70	77.01	78.43
March	75.00	75.00	74.40	75.82
April	72.25	72.45	72.00	73.35
May	71.20	71.25	71.25	72.75
June	71.00	71.00	71.00	71.20

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	163.45	64.50	63.00	63.75
Jan	166.70	67.50	65.80	66.70
March	166.95	67.40	65.60	66.70
Sept	164.50	65.00	64.50	67.00
Nov	164.50	64.50	64.50	64.50
Jan	163.50	—	—	63.50
March	163.50	—	—	63.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	320.0	—	—	[illegible]
Jan	324.2	325.0	321.5	327.0
April	331.2	331.5	329.2	321.5
July	338.4	338.5	336.5	328.2
Oct	345.8	346.0	345.0	336.4
Jan	353.6	—	—	342.6

SILVER 5,000 troy oz; cents/troy oz

	Close	High	Low	Prev
Nov	717.0	721.0	719.5	714.5
Dec	723.0	731.0	722.5	723.0
Jan	728.1	—	—	729.1
March	741.7	749.5	741.8	741.7
May	754.4	760.0	754.0	754.5
July	767.5	774.5	767.0	767.8
Sept	781.3	787.5	782.0	782.4
Dec	804.3	810.0	807.0	805.8
Jan	812.5	813.5	813.5	813.6

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.38	5.40	5.00	5.08
March	5.83	5.85	5.46	5.57
May	6.13	6.17	5.80	5.92
July	6.41	6.42	6.07	6.20
Sept	6.86	6.43	6.43	6.48
Oct	6.91	6.91	6.56	6.66
Jan	7.30	7.22	7.12	7.10
March	7.92	7.92	7.58	7.64

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	64.22	64.50	63.70	63.92
Feb	64.80	65.10	64.45	64.72
April	66.75	67.05	66.37	66.62
June	66.87	67.00	66.60	66.77
August	64.67	64.70	64.27	64.42
Oct	62.40	62.75	62.40	62.55
Dec	64.00	64.00	64.00	64.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	48.05	48.55	47.95	48.30
Feb	49.95	50.42	49.90	50.42
April	47.07	47.55	47.05	47.67
June	50.77	51.10	50.70	51.05
July	52.15	52.25	52.02	52.37
August	51.10	51.10	50.10	50.25
Oct	47.07	47.45	47.07	46.90
Dec	49.00	49.10	49.00	49.05
Feb	47.25	47.25	47.25	47.60

MAIZE 5,000 bu min; cents/56 lb-bushel

	Close	High	Low	Prev
Dec	273.4	274.6	272.0	272.0
March	280.4	281.4	280.0	281.0
May	286.4	287.2	286.6	286.6
July	290.0	291.0	289.4	290.2
Sept	285.4	286.0	284.4	286.0
Dec	282.6	283.0	282.0	282.6
March	290.2	290.2	290.0	290.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.27	65.90	64.95	[illegible]
March	65.27	65.90	65.00	[illegible]
May	66.65	67.30	65.65	[illegible]
July	67.90	67.95	67.45	67.75
August	66.60	66.90	66.30	66.45

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Nov	613.6	[illegible]	[illegible]	613.2
Jan	625.6	[illegible]	[illegible]	[illegible]
March	640.6	[illegible]	[illegible]	[illegible]
May	654.6	[illegible]	[illegible]	[illegible]
July	664.0	[illegible]	[illegible]	[illegible]
August	664.0	[illegible]	[illegible]	[illegible]
Sept	655.4	[illegible]	[illegible]	[illegible]
Nov	653.4	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	153.3	154.2	[illegible]	[illegible]
Jan	154.4	157.4	[illegible]	[illegible]
March	162.5	163.8	[illegible]	[illegible]
May	168.3	[illegible]	167.2	[illegible]
July	174.0	174.5	[illegible]	173.0
August	173.2	174.5	[illegible]	[illegible]
Sept	174.1	—	—	175.0
Oct	176.0	—	—	175.1
Dec	176.3	—	—	176.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	24.07	—	—	[illegible]

WHEAT 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling and dollar weaker

Sterling and the U.S. dollar both lost ground in currency markets yesterday in rather dull and featureless trading. The dollar was sold off during the morning, mostly on chart selling. There were no new influences in the market although there remained the threat of intervention by the Bundesbank to those possessing more of a speculative inclination.

One dealer suggested that the dollar was in something of a vacuum with the Presidential election next Tuesday and the proximity of the month end reducing business to a minimum. News of a 21.9 per cent rise in U.S. new homes in September helped the dollar briefly but the latter slid during the afternoon to finish at the day's lows. Against the D-mark it closed at DM 3.0435 down from DM 3.0725 and SwFr 2.5055 from SwFr 2.5210. Against the yen it slipped to Y245.50 from Y246.65 and FFr 9.34, compared with FFr 9.4125. On Bank of England figures, the dollar's trade weighted index fell from 142.1 to 141.7. U.S. Federal funds were trading just above 10 per cent and appeared to have little effect on the dollar.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.1875. September average 1.2592. Exchange rate index 74.9 compared with 74.9, after opening 74.7 and easing to 74.6 during the afternoon and comparing with 79.7 six months ago.

Sterling improved against a weaker dollar but lost ground against most major European currencies. There were no new factors in the market but continued concern ahead of an oil price settlement and the continuation of the miners' strike served to undermine confidence. The pound finished at $1.2130-1.2140, a rise of 45 points from Monday. It was weaker against the D-mark however at DM 3.6925 from DM 3.7150 and SwFr 3.0400 compared with SwFr 3.0475. Against the yen it rose slightly to Y297.75 from Y297.25 but fell against the French franc to FFr 11.3425 from FFr 11.3775.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5635. September average 3.0235.

The dollar was fixed at DM 3.0555 at yesterday's fixing in Frankfurt, down from DM 3.0642 on Monday, and there was no intervention by the Bundesbank at the fixing. Trading was rather dull and featureless ahead of tomorrow's holiday and the end of the month. Early sales of dollars, attributed to a large corporate, pushed the U.S. unit weaker initially and it failed to recover later in the day to be quoted at DM 3.0470.

Elsewhere sterling slipped to DM 3.6940 from DM 3.7040 and the Swiss franc was lower at DM 1.2157 from DM 1.2162. Within the EMS the Belgian franc slid to DM 4.9540 per BFr 100 from DM 4.9560 while the French franc improved to DM 32.625 from DM 32.62 per FFr 100.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct 30	Previous
8.30 am	—	74.9
9.00 am	74.7	74.9
10.00 am	74.7	74.9
11.00 am	74.7	74.9
Noon	74.6	74.8
1.00 pm	74.7	74.8
2.00 pm	74.7	74.8
3.00 pm	74.8	74.8
4.00 pm	74.8	74.9

New York rates

	Oct. 30	Prev. close
£ Spot	$1.2145-1.2155	$1.2050-1.2060
1 month	0.10-0.07 pm	0.07-0.06 pm
3 months	0.21-0.09 pm	0.06-0.05 pm
12 months	0.48-0.58 dis	0.65-0.75 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0245	+0.28	-0.02	±1.5425
Danish Krone	8.14104	8.05443	-1.06	-0.82	±1.6421
German D-Mark	2.24184	2.23045	-0.51	-0.27	±1.1463
French Franc	6.87456	6.83899	-0.52	-0.31	±1.3659
Dutch Guilder	2.52595	2.51423	-0.46	-0.22	±1.5165
Irish Punt	0.72569	0.721922	-0.52	-0.28	±1.6671
Italian Lira	1403.49	1383.32	-1.44	-1.44	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Oct 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2067-1.2140	1.2130-1.2140	0.08-0.06c pm	0.74	0.10-0.05 pm	0.24
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 75.25-75.35. Six-month forward dollar 0.03-0.08c dis. 12-month 0.55-0.70c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2065-1.2140	1.2130-1.2140	0.08-0.06c pm	0.74	0.10-0.05 pm	0.24
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.00-62.10.

OTHER CURRENCIES

Oct. 30	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar(KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Oct 30	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.8	-15.5
U.S. dollar	141.7	+25.0
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	[illegible]	[illegible]
U.S. $	9	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Belgian Fr.	11	[illegible]	[illegible]
Danish Kr.	7	[illegible]	[illegible]
Deuts. mark	4½	[illegible]	[illegible]
Guilder	5	[illegible]	[illegible]
French Fr.	9½	[illegible]	[illegible]
Lira	16½	[illegible]	[illegible]
Yen	5	[illegible]	[illegible]
Norwgn. Kr.	8	[illegible]	[illegible]
Spanish Pta.	—	[illegible]	[illegible]
Swedish Kr.	9	[illegible]	[illegible]
Swiss Fr.	4	[illegible]	[illegible]
Greek Dr'ch	20½	[illegible]	[illegible]
Irish Punt	13¾	[illegible]	[illegible]

*CS/SDR rate for October 29: 1.30911.

EXCHANGE CROSS RATES

Oct. 30	Pound St'rling	U.S. Dollar	Deutsche m'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	1.	1.214	3.693	297.8	11.34	3.040	4.170	2301.	1.599	74.75
U.S. Dollar	0.824	1.	3.043	245.4	9.347	2.505	3.436	1896.	1.317	61.60
Deutschemark	0.271	0.329	1.	80.64	3.072	0.823	1.129	623.0	0.433	20.24
Japanese Yen 1,000	3.358	4.075	12.40	1000.	38.09	10.21	14.00	7726.	5.369	251.0
French Franc 10	0.882	1.070	3.256	262.5	10.	2.680	3.676	2028.	1.409	65.90
Swiss Franc	0.329	0.399	1.215	97.94	3.731	1.	1.372	756.7	0.526	24.59
Dutch Guilder	0.240	0.291	0.886	71.40	2.720	0.729	1.	551.7	0.383	17.93
Italian Lira 1,000	0.435	0.527	1.605	129.4	4.930	1.321	1.813	1000.	0.695	32.49
Canadian Dollar	0.626	0.759	2.310	186.2	7.096	1.902	2.609	1439.	1.	46.76
Belgian Franc 100	1.338	1.623	4.940	398.3	15.17	4.067	5.579	3078.	2.138	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 9⅝-10 per cent; seven days 9⅝-10 per cent; one month 9¾-10 per cent; three months 10⅛-10⅜ per cent; six months 10⅜-10⅝ per cent; one year 11⅛-11⅜ per cent. Long-term Eurodollars: two years 11⅝-11⅞ per cent; three years 12-12⅜ per cent; four years 12⅛-12⅝ per cent; five years 12¼-12⅝ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rate structure flat

Interest rates were little changed in quiet trading on the London money market yesterday. The yield structure was flat from one-month through to one-year, reflecting uncertainty about the future trend in rates and the general lethargic state of the market. There are no longer any expectations of an early cut in bank base rates, and it is also feared that U.S. rates may have reached a low point. At the same time sterling has shown signs of recovery on the foreign exchanges and it is felt that any upward trend in rates would not be welcomed by the authorities.

UK clearing banks' base lending rate 10½ per cent (since August 29)

Against this background interbank rates from one-month to one-year were quoted at 10⅜ per cent, while discount houses buying rates for three-month bank bills eased to 10 per cent from 10¼ per cent.

The Bank of England gave help of £648m to the money market on an estimated shortage of £550m. An early round of bill offers was invited and at that time the authority bought £101m bills outright by way of £8m local authority bills in band 1 (up to 14 days maturity) at 10½ per cent; £21m bank bills in band 1 at 10½ per cent; £40m bank bills in band 2 (15-33 days) at 10⅜ per cent; £3m bank bills in band 3 (34-63 days) at 10⅜ per cent; and £29m bank bills in band 4 (64-91 days) at 10⅜ per cent.

Before lunch another £447m of assistance was provided, including £76m bills purchased outright. A total of £8m bills were bought in band 1 at 10½ per cent; £16m bank bills in band 2 at 10⅜ per cent; £39m bank bills in band 3 at 10⅜ per cent; and £13m bank bills in band 4 at 10⅜ per cent.

Apart from the outright help £371m bills were purchased for resale to the market on November 13 at a rate of 10⅜ per cent. The Bank of England did not operate in the money market during the afternoon.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £417m, while the unwinding of repurchase agreements absorbed £161m, and bank balances below target another £40m. These outweighed Exchequer transactions adding £10m to liquidity and a fall in the note circulation of £40m.

MONEY RATES

Oct. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Intervention	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Oct. 30 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	—	—	—	—
Three years	[illegible]	[illegible]	—	—	—	—
Four years	[illegible]	[illegible]	—	—	—	—
Five years	[illegible]	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 10.0620 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10½ per cent; six-nine months 10½ per cent; nine-12 months 10½ per cent. Under £100,000 10¼ per cent from October 29. Deposits held under Series 5 10¼ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. October 30)

3 months U.S. dollars	
bid 10 3/16	offer 10 5/16

6 months U.S. dollars	
bid 10 1/2	offer 10 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12
Broker loan rate	10¾-11¼
Fed funds	10
Fed funds at intervention	—

Treasury Bills

One month	8.80
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Firmer trend

Prices were firm on the London International Financial Futures Exchange yesterday, with Eurodollar and U.S. Treasury bond futures supported by hopes that today's figure on leading indicators will be flat, indicating a slow down in economic growth. No economic statistics were released yesterday and there were no fresh factors in the market, but Liffe tended to follow early gains in Chicago trading.

A rise in the Federal funds rate above 10 per cent was in line with expectations and caused no adverse reaction, as contracts closed at or near the highest levels of the day.

Eurodollars for December delivery opened at the day's low of 89.38, and closed at the high of 89.50, compared with 89.36 on Monday.

December Treasury bonds began trading at the low point for the day of 70-04, and touched a peak of 70-18, before closing at 70-17 against 69-31 for the previous settlement.

Gilt futures were supported by gains in U.S. contracts and an upward trend in the cash market. A statement from the Chancellor of the Exchequer that the Public Sector Borrowing Requirement for the current financial year is likely to be in the region of £8.5bn, and above the Government's forecast, came too late to influence the futures market, where the December contract rose to 107-04 from 106-19, after touching a high point of 107-08.

LONDON

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4011	—	—	0.3982

Est. Volume nil (nil)
Previous day's open int. 404 (404)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4091	—	—	0.4073

Est. Volume nil (280)
Previous day's open int. 283 (402)

FT-SE INDEX £25 per full index point

	Close	High	Low	Prev
Dec	114.30	114.40	113.70	113.65
March	114.40	—	—	113.55

Est. Volume 297 (644)
Previous day's open int. 706 (738)

THREE-MONTH EURODOLLAR $1m points of 100%†

	Close	High	Low	Prev
Dec	89.50	89.50	89.38	89.36
March	89.11	89.12	88.98	88.95
June	88.74	88.75	88.60	88.57
Sept	88.38	88.39	88.25	88.21
Dec	88.07	—	—	87.91

Est. Volume 5,186 (4,036)
Previous day's open int. 10,983 (10,828)
† Repriced

THREE-MONTH STERLING £250,000 points of 100%

	Close	High	Low	Prev
Dec	89.79	89.80	89.69	89.71

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	107-04	107-08	106-19	106-19
March	106-18	106-18	106-09	106-02
June	106-06	—	—	105-22
Sept	109-09	—	—	108-25

Est. Volume 2,595 (2,255)
Previous day's open int. 2,709 (2,721)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 02 to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2120	1.2120	1.2077	1.2090
March	1.2128	1.2128	1.2103	1.2103
June	1.2148	—	—	1.2128

† Repriced
Est. Volume 472 (413)
Previous day's open int. 8,324 (8,055)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3298	0.3298	0.3285	0.3276
March*	89.79	89.80	89.74	89.75
June*	89.60	89.60	89.56	89.57
Sept*	89.33	89.32	89.30	89.35
March	0.3336	—	—	0.3314
June	—	—	—	—

Est. Volume 306 (1,112)
Previous day's open int. 5,698 (5,817)
* £500,000 points of 100%

Est. Volume 33 (64)
Previous day's open int. 285 (223)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	70-17	70-18	70-04	69-31
March	69-28	—	—	69-09

Est. Volume 987 (1,087)
Previous day's open int. 2,056 (2,041)

CHICAGO

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	—	68-01	67-21	67-20
March	—	67-09	66-31	66-28
June	—	—	—	66-08
Sept	—	—	—	65-22
Dec	—	—	—	65-06
June	—	—	—	64-11

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-13	70-19	70-03	69-31
March	69-21	69-27	69-13	69-09
June	69-02	69-08	68-28	68-23
Sept	68-17	68-23	68-12	68-07
Dec	68-05	68-08	68-00	67-25
March	—	67-27	67-18	67-13
June	67-16	67-16	67-16	67-03
Dec	—	—	—	66-17
March	—	—	—	66-09
June	—	—	—	66-02

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.63	90.68	90.57	90.55
March	90.25	90.30	90.19	90.16
June	89.90	89.94	89.81	89.78
Sept	89.53	89.57	89.46	89.43
Dec	89.23	89.24	89.18	89.11
March	88.95	88.97	88.86	88.83
June	88.70	88.70	88.70	88.59
Sept	88.46	88.46	—	88.35

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.85	89.88	89.78	89.75
March	—	89.48	89.35	89.32
June	89.06	89.10	89.00	88.98

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.46	89.49	89.36	89.34
March	89.08	89.12	88.97	88.92
June	88.67	88.73	88.58	88.52
Sept	—	88.34	88.28	88.16
Dec	87.95	87.98	87.90	87.78
March	—	87.86	87.65	87.48
June	—	—	87.15	87.18
Sept	—	—	—	86.91

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.2126	1.2145	1.2075	1.2040
March	1.2145	1.2160	1.2100	1.2055
June	1.2155	1.2180	1.2125	1.2070
Sept	1.2180	1.2200	1.2170	1.2080
Dec	1.2280	1.2280	—	1.2110

Appointments

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Continued from Page 34

Stock		Sales (Hnds)	High	Low	Last	Chng
Moncor	.44	43	5	4⅞	4⅞	−⅛
MontCl		289	15½	15	15¼	+⅛
MonAnt		37	11	10⅞	11	+½
Monolit		2747	15⅛	14⅞	15⅛	+⅜
MonuC	1.30	5	24½	24½	24½	−¼
MorFlo	.01	60	15½	15¼	15½	
Morrsn	.48	359	18¾	18	18¾	+⅛
Moseley		386	6⅜	6¼	6⅜	+⅛
MotClb	.20	2	15¼	14¾	15¼	+⅛
Multmd	.60	265	33¼	31¾	33¼	+1¼
Mylan s		230	27¼	25½	25½	−½
N—N						
NCA Cp		85	7	5⅞	6⅞	+⅞
NMS		55	3¼	3	3⅛	−⅛
NBnTex	.84	5	21	20¾	21	+¼
NtCty s	1.90	573	33¼	33⅛	33¼	+⅛
NtCptr	.24	95	19	18⅞	18⅞	−⅛
NData	.44	475	9⅞	9	9¾	+¼
NHlthC		5	20¾	20¾	20¾	+⅛
NtLumb		39	5½	5¼	5¼	+¼
NMicrn		1781	3⅝	3¼	3½	−⅛
NTech	t	46	3⅝	3¼	3¼	
NatrBty		65	4¼	4⅛	4¼	
Naugle		125	7¼	7⅛	7¼	
Naug wt		12	1⅞	1¾	1¾	
NelsnT	.20	102	7¾	7⅝	7¾	
Nelson		662	9¼	8¾	9⅛	+⅛
NwkSec		537	6½	6⅛	6¼	+⅛
NetwkS		1416	22⅜	21⅝	22⅛	+⅜
NtwkEl		16	4⅛	4	4	
Neutrg s		1	33½	33½	33½	+⅛
NBrunS		127	7⅝	7¾	7¾	−⅛
NE Bu s	.48	18	33½	29¼	30½	+1
NYAirl		69	3⅞	3⅝	3⅞	
NY A wt		9	½	½	½	+¼
Newpt s		255	23½	23	23¼	
NwpPh		593	6⅜	6⅛	6⅛	+⅛
NiCal g	t	433	6	5½	6	+½
NickOG		224	1½	1⅜	1½	+⅛
Nike B	.20a	1181	7½	7¼	7⅜	−⅛
Nrdsn s	.60	60	17½	17¼	17½	+¼
Nordstr	.40	283	33½	33	33½	+⅛

Stock		Sales (Hnds)	High	Low	Last	Chng
Oshmn	.20	617	18½	18	18¼	−⅛
OtrTP	2.88	73	27⅜	27¼	27⅜	
OvrExp		158	12½	12	12¼	−⅛
OwenM	.35	32	14½	14	14⅛	
Oxoco		251	4⅞	4½	4⅝	+⅛
P—Q						
PNC	2.32	183	43½	43¼	43¼	−⅛
PabstB		925	6⅞	6	6⅞	+⅞
Pacer s	1.20	91	43½	43¼	43¼	−⅛
PacFst		70	7⅝	7½	7⅝	
PacTel	.80	56	11¼	11	11¼	+¼
PacoPh		63	14½	14¼	14½	−½
PancMx	.13	32	7⅞	7⅛	7¼	
Pansph		357	11¼	11	11	
ParkOh	.60	172	15¼	14½	15	+½
Patrkl		77	7⅛	6⅞	7	−⅛
PaulHr		53	13¼	12⅞	12⅞	−⅛
PaulPt		46	7	6⅞	7	
PayN	.60	58	23⅜	22⅞	23	+⅛
Paychx		80	9	8½	8½	−½
PeariH		63	24	23½	23¾	+¼
Pentar s	.76	385	27⅞	27¼	27½	−⅛
PeopEx		387	10⅞	10¼	10¼	−⅛
PeopRt		10927	1⅛	⅞	1⅛	−⅛
Percept		49	9¾	9½	9¾	+¼
PersCpt		358	6½	6	6½	+½
Petrite	1.12	2	29¾	29¾	29¾	−½
Phrmct		366	5	4½	4⅞	+⅛
PSFS		920	9⅛	8¾	9⅛	+⅛
PhilGl	.50r	2064	16⅞	16⅜	16⅞	+⅛
PhotAm		29	6	5½	5¾	
PicSav s		873	19⅛	18⅞	19⅛	+⅛
PicCafe	.60	154	18	17⅞	17⅞	−⅛
PionHi	.80	288	29¼	29	29	
PionSt s	.12	1	8¼	8¼	8¼	−¼
PoFolk		159	12⅞	11⅞	12⅞	+⅞
PlcyMg		363	24¼	23¼	23½	−¼
Porex		172	26½	25¾	26½	+½
PostSl		377	7⅛	7	7⅛	+⅛
Powell		105	2⅜	2¼	2⅜	+⅛
Powrtc		132	17¾	17½	17¾	+¼
PwConv		45	6⅞	6½	6½	−⅛
PrecCst	.12	206	30¼	29¾	30	+¼
PrpdLg		13	5¾	5½	5½	+⅛
Prewy	.35	259	5½	5	5⅜	+⅛
Prem		674	5⅜	4⅞	5	
PncCm		1	10⅞	10⅞	10⅞	+⅛
PricCo s		200	43½	42¾	43½	+⅛
Prtronx		1	21¾	21¾	21¾	+⅛
ProdOp	.16	29	4⅞	4¾	4⅞	
ProgCp	.16	77	32¼	31¾	32¼	
PropTr	1.20	57	14	13½	13½	−⅛
Protcol		90	3⅝	2¾	3¼	−⅛
Provin		10	14⅛	14⅛	14⅛	−⅛
PullTm		385	4	3⅞	3⅞	

EUROBONDS

Eurodollar sector taste for warrants persists

BY MAGGIE URRY IN LONDON

WARRANTS were again the talk of the Eurodollar bond market yesterday, while in West Germany a DM 600m issue was launched for Australia.

Suggestions that the Eurodollar bond market was oversupplied with warrants were knocked on the head yesterday, as a firmer New York bond market and renewed hopes for lower interest rates set the sector alight. The Royal Bank of Canada warrants issued on Monday at $31 traded up to $45, while the older Nippon Credit Bank warrants jumped around $15 to $60.

The excitement ensured a good reception for a $100m Bank of Tokyo issue made through its Curaçao subsidiary which came with 100,000 warrants. The host bonds have a seven-year life and 12¾ per cent coupon, while the warrants get into a 12¾ per cent bond with the same maturity. The by now common call feature on the host bond was adopted – the bonds can be called at 101 to the extent that the warrants are exercised during their five year life.

There is also the attraction of a deferred payment for the issue – due on January 31 1985. Lead manager is Credit Suisse First Boston, with Bank of Tokyo International, Morgan Guaranty, Morgan Stanley and S.G. Warburg as co-leads.

SHF Bank bond average		
Oct 30		Previous
101.562		101.441
High	1984	Low
101.818		98.055

The warrants, priced at $35, traded up to $45, while the bonds were offered at 98¾ – a discount equal to the 1¼ per cent selling concession.

Commerzbank lead managed its own issue of a floating rate note with warrants. The issue raises $150m, and the inclusion of the warrants allows a lower-than-usual yield of ⅛ per cent over the mean London interbank bid and offered rates. The FRN traded well inside the 25 basis points fees. The warrant, issued at $29, rose to $35. It gives the right to buy a seven-year bond with a 12¾ per cent coupon at par.

Chesebrough Pond's, the U.S. consumer products group, decided to opt for a straight issue, lead managed by Lehman Brothers. The $100m bond has a 12 per cent coupon and matures in January 1993. Late in the day, the issue price was increased from 98¼ to 99¼ while the fees were upped from 1¾ per cent to 2 per cent.

Straight Eurodollar issues also joined in the warrant rally with dealers reporting gains of ¼ point or more.

Deutsche Bank lead managed the Australia issue – the second largest ever in the Euro-D-Mark sector. The bond has a long 12-year life, and a coupon of 7¼ per cent. The issue price was set at 99½. A firmer tone to the D-Mark bond markets, with prices up ¼ point or so, the good quality and scarcity of the Australian name and the generous coupon meant that the issue went well, trading around 99, well inside the 1½ per cent selling concession.

In the Swiss franc bond market prices were steady for seasoned bonds. Some encouragement came however, from the primary market with the Inter-American Development Bank's SwFr 120m issue, which had a 6¼ per cent coupon, starting trading at par and rising to 100¼.

SBC launched a SwFr 50m public issue for the German paper company Haindl. The bond has a 10-year life and the yield is indicated at 5¾ per cent. Final terms will be set on November 2.

The coupon on the SwFr 30m Itoham convertible private placement, also lead managed by SBC, was cut from 2⅝ per cent to 2¼ per cent with the issue price set at par.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 30.

SWISS FRANC STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6¼ 94	100	†101	101¼	0	0	6.09
Canada 5¼ 92	200	†100	100¼	−0¼	0	5.22
Consol Foods 5¾ 94	200	†102½	102¾	+0½	+0¼	5.39
Credit Foncier 6 94	120	†101	101¼	0	0	5.84
Electric Power 5¾ 94	100	†100¼	100½	−0½	−0½	5.69
Euratom 6⅛ 94	90	†103	103¼	0	+0¼	5.81
FGH 5¾ 92	110	†98¼	98½	+0¼	0	6.02
G.Q.Int 6¾ 92	70	†101¾	102	+0¼	−0¼	6.43
Int-Am Dev Bk 6⅛ 94	120	†101	101½	+0½	−0½	6.09
Japan Fin Corp 5½ 94	100	†98¼	98½	0	+0¼	5.72
Japan Highway 5⅜ 92	150	†98	98¼	0	0	5.69
Kansai Ele Power 6⅛ 92	100	†102	102¼	−0¼	+0¼	5.77
Manitoba Prov 5¾ 94	100	†101½	101¾	+0⅝	−0½	5.52
Mitsui Fin Asia 5⅞ 94	55	†99	99¼	+0¼	+1	5.99
Mount Isa Fin 5¾ 94	100	†99	99¼	0	0	5.87
New Brunswick 5⅞ 94	100	†100½	100¾	+0⅝	−0½	5.53
Quebec-Hydro 5⅞ 94	150	†102½	102¾	+0¼	+0½	5.51
State Bk N.S.W. 5⅞ 94	100	†99¼	99½	0	0	5.83
Statsforetag 6 92	75	†100¾	101	0	+2¼	5.85
Tauernkraftwerke 5½ 94	100	†98¾	99	−0¾	+2¼	5.65
Tobu Railway 4 92 WW	100	†95¾	96	0	−0⅞	4.66
Tobu Railway 4 92 XW	100	†87	87¼	0	0	6.19
Transcanada Pipe 5½ 92	100	†98½	98¾	−0¼	−3¼	5.73
Wang Lab 4⅝ 99	200	†103¾	104	+0½	+2	4.39
World Bank 6½ 94	200	†102	102¼	0	+0⅞	5.83

Average price change On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅝ 94	15	99¾	100⅛	0	−0⅛	7.37

CONVERTIBLE BONDS (continued)	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Oil Co 2⅛ 92 SF	3/84	1002	†104¾	105	−0¾	12.47
Nippon Shinpan Co 2 92 SF	3/84	891	†93¼	93½	−0⅞	34.78
Settsu Paper 2⅛ 92 SF4/84	677	*	151¾	152	0	−4.19
Asics 5 92 DM	12/83	526	102⅞	103⅞	+0⅞	24.72
Sun Realty 6¼ 92 DM	2/83	365	173½	174½	+3¼	−2.71

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.